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JPRS Report

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GENERAL

Chen Qimao Urges Adjustments in Foreign Policy 40050001a

[Editorial Report] The Chinese-language Shanghai journal GUOJI ZHANWANG (WORLD OUTLOOK) No 6 of 23 March 89 carried on pages 16-17 an article by Shanghai International Studies Institute Director Chen Qimao (7115 0796 2021) titled "Changes in International Relations and China's Foreign Policy Adjustment." The author's point is that China badly needs to make some major adjustments in its foreign policy outlook and strategic thinking if they are to be useful under the new situation in international relations.

Chen observes that the members of international society are nation-states, and but for a few exceptions, the interests of the state and the nation have been the foundation of a country's foreign policy. In principle, says Chen, socialist states should combine nationalism and internationalism as well as the interests of its own people and the interests of the world's people. In practice, however, they have no choice but to put the interests of the state first in foreign affairs. Chen points out that if a state is poor, backward, weak, and unable to take care of itself, it cannot expect to make any contribution to mankind. In general, says Chen, the objective of any country's foreign policy is either to use the existing international balance of power to realize its interests or to change the balance of power to one that is more conducive to realizing its interests. He notes that in reality, some foreign policies are made consciously while others are made unconsciously, some are effective while others are ineffective.

Chen notes that since the founding of the PRC, China has made the following four major adjustments in its foreign policy: the first was the policy of "leaning to one side," in which China allied itself with the Soviet Union to oppose the United States; the second was the policy of "opposing imperialism and revisionism" which it employed during its period of "revolutionary diplomacy"; the third was the policy of containing Soviet expansionism by seeking the cooperation of the Third World, the United States, Japan, and Western Europe; and the fourth is the current policy of stressing independence, peaceful diplomacy, opposition to hegemonism, and refusal to enter into alliances or strategic relationships with any major country. Chen stresses that even during the Sino-Soviet alliance, China's foreign policy was decided by China itself. He cites as evidence the famous Five Principles of Peaceful Coexistence formulated by Chinese Premier Zhou Enlai and Indian Prime Minister Nehru. Chen points out that this was made without seeking the approval of the Soviet Union.

Chen says that the latest of the adjustments is undoubtedly the most consciously-made, the most realistic, and the most in accordance with both China's national interests and the interests of all the world's people. Chen attributes such pragmatism to three reasons. First, the

current foreign policy was formulated systematically with "seeking truth from facts" as the underlying principle and reality as the basic starting point. Second, this policy was founded on the lessons learned from all of China's positive and negative experiences since the founding of the People's Republic. Third, since opening up to the outside world, China has gained a better, more comprehensive understanding of the world and this has led to a more systematic and in-depth study of international affairs. As a result, it was possible to formulate a more pragmatic foreign policy.

Among the foreign policy successes the author points to as a result of the current pragmatic policy is President Bush's visit to China upon assuming office. Chen says that this shows that China's international status has risen. He also points out the improvements and achievements made recently in Sino-Japanese, Sino-Soviet, Sino-Indian, and Sino-Indonesian relations.

Chen notes that the international situation has changed from tension to detente and from confrontation to dialogue. He says the world is likely to experience a new, fairly long period of detente in which the arms race and regional conflicts will cool down and in which confrontation will take the form of competition to develop overall national strength based on science, technology, and economics. As the world becomes increasingly polarized around many poles, Japan, Western Europe, the Soviet Union, and the United States will occupy the positions formerly held exclusively by the two superpowers. Chen also foresees the dual development of increasing global economic integration and increasing formation of regional economic blocs. In Asia, the region as a whole will become increasingly important, as will Japan's role. The gap between North and South will grow wider. Chen sees all of these changes as providing China with greater opportunities and room for maneuver.

He warns that the changes also present serious, new challenges at the same time. He points out that if the relationship between the United States and the Soviet Union improves, the strategic triangle, while not disappearing, will certainly change. Postulating an improved U.S.-Soviet relationship, he warns that China must be on the alert to the possibility that in negotiations on arms control and the settlement of regional conflicts, the United States and the Soviet Union might ignore the interests of others or even adopt positions harmful to others by engaging in "diplomacy that leaps over others' heads" (yueding waijiao 6390 7307 1120 0074).

On the other hand, Chen says, although the multipolarity developing among the United States, the Soviet Union, Japan, and China is already becoming palpable in the Asian-Pacific region, the United States and the Soviet Union continue to see each other as the main rival and primary threat to national security. He points out that there are also sharp tensions in the U.S.-Japanese and Soviet-Japanese relationships that China should exploit to its advantage. Says Chen, if China could only get the knack of utilizing these situations, an environment that

is even more advantageous to its modernization and to the peace, stability, and prosperity of the Asian-Pacific region could be created.

Another danger Chen warns of is the possibility that China will be excluded from the economic blocs now forming, with negative consequences for the development of its externally-oriented economy. He argues that while China is determined not to enter into any political alliance, it should jump into international economic competition and division of labor so as not to fall into a disadvantageous position. He sees problems arising from international competition in economics, science, and technology as more likely to cause friction than the existing problems of peace. Therefore, he argues, China's foreign policy should emphasize efficient and practical service to national economic development.

Chen points out that there is a serious gap between foreign policy ideology and the realities of the rapidly and drastically changing international situation. He points out that many of the current views and the modus operandi pertaining to international relations were formulated during the era of confrontation between the United States and the Soviet Union and that, even worse, vestiges of China's ideology during its period of isolationism still remain. He stresses that many of these views and methods do not help China's drive to forge political, economic, scientific, and technological relations with other countries and a major task is to revise the antiquated thinking.

The author notes that in other countries, foreign policy-makers interact with other domestic political departments and the domestic academic and business community, whereas in China such interaction is rare. He bemoans the fact that some foreign affairs departments have become a closed system unto themselves and this system is inimical to the formation of an updated and vigorous foreign policy. Chen warns that failure to get out of this rut will make it impossible for China to come up with a foreign policy response that is more aggressive, flexible, and capable of reaping benefits from the new international situation.

West's 'Peaceful Evolution' Called Subversive

OW2410095389 Beijing *BEIJING REVIEW* in English
No 43, 23-29 Oct 89 pp 9-10

[Article by Shu Yu: "The West's Peaceful Evolution Examined"]

[Text] Peaceful evolution means the promotion by capitalist countries of a change from the inside in the character of political power in socialist countries through political, economic, cultural, ideological and other peaceful ways. So, in a sense, it is just a coup d'etat by other means. Signs that it is being achieved are the following:

1) The socialist political and economic systems are changed, public ownership is transformed into private

ownership and the parliamentary democratic system and a free market economy are introduced. 2) Leadership of the Communist Party degenerates and the party cannot represent the fundamental interests of the working class and the broad ranks of the labouring people. This, first, is due to dissidents assuming power, and second, is caused by changes in the leading group itself. 3) The belief in Marxism and communism is given up, and Marxism no longer serves as the guiding ideology.

The strategic thinking of peaceful evolution among Western countries was first advanced in the 1950's by John Foster Dulles, secretary of state in the U.S. Eisenhower administration. He talked of "liberating" the peoples of socialist countries through "peaceful ways." Afterwards, Western countries started to practise peaceful evolution in their policies towards socialist countries. The course it has taken can be divided into three phases: Formulation and initial trial in the 1950's and 1960's, implementation in some areas in the 1970's, and energetic development in the 1980's when the struggle of evolution and counter-evolution had become the important content of the trial of strength between the socialist system and the capitalist system.

In the 1950's and 1960's, because the two major camps of socialism and capitalism were in a heavy confrontation and there was a cold war, the main way for Western countries headed by the United States to subvert socialist countries was not to carry out peaceful evolution but to stage coup d'etats and armed incursions, or to organize a mercenary army to invade.

East-West relations began to gradually thaw in the mid-1960's. By the 1970's, relationships between the two sides further developed and their economic and cultural contacts also increased, thus opening more passageways for infiltration by Western countries. So their main method for subversion of socialist countries was changed into peaceful evolution.

The practices followed by Western countries in carrying out peaceful evolution are varied but in the main there are three ways.

1) To support and prop up intellectual "elites" who share Western bourgeois democratic ideology and theory, and accept Western political and economic systems as the breakthrough point for peaceful evolution.

2) To provide economic and technological assistance as a bait to encourage socialist countries to carry out reform in accordance with Western standards (that is, to carry out Western-type reform), including practice of the parliamentary democratic system, a wide open private market economy and ideological liberalization. The U.S. *FOREIGN AFFAIRS* (summer, 1987) carried an article on East-West Relations written by Valéry Giscard d'Estaing, Yasuhiro Nakasone and Henry A. Kissinger which stated this clearly: "We should give support to any movement toward market economies and democratic institutions." "The absolute prerequisite is a radical transformation of the Soviet system that will bring the

USSR closer to Western concepts of market economies and democratic institutions. That is the definition of perestroika which the present authors support."

An important feature in this respect is that the degree and order of importance and urgency of economic and technological assistance are decided by the degree of Westernization of the recipient countries.

3) To take joint action. Despite internal clashes, strife and struggle between control and counter-control among Western countries, they are identical in their thinking, tactics, strategy and actions when carrying out peaceful evolution towards socialist countries. They often consult, co-operate and co-ordinate. The West European countries' long-term courtship and infiltration of some countries since the end of the 1960's, and the economic "sanctions" applied to a different extent by Western countries and the "condemnation" of the European Parliament, International Democratic Union and an organ of the United Nations following the quelling of the counter-revolutionary rebellion in Beijing by the Chinese Government, are not individual and accidental actions, but are all deliberately co-ordinated. The West also widely mobilizes various media (such as the Voice of America), non-governmental human rights foundations, trade union organizations and other organizations to make joint efforts in support of infiltration and evolution. The present international community is an open system. Historical experience has proved that if a country closes its door to international co-operation, it has no future. Only with reform and opening to the outside world can it be revitalized and developed. However, under the condition of reform and opening to the outside world, peaceful infiltration and peaceful evolution inevitably exist. In order to guarantee the smooth implementation and healthy development of reform and opening to the outside world, we must carry out a struggle between evolution and counterrevolution.

Third World Faces Continuing Problems Despite Detente

40050683a Beijing GUOJI WENTI YANJIU
[INTERNATIONAL STUDIES] in Chinese
No 3, 13 Jul 89 pp 1-3

[Article by Wang Lin 3769 2651: "Detente's Impact on Third World Countries"]

[Text] Generally speaking, detente has been beneficial for Third World countries. However, some complicated and troublesome factors still exist. Many Third World countries are experiencing economic difficulties, and future economic competition may put them in an even more disadvantageous position. After international relations were relaxed, some internal problems became more acute and disputes between neighboring countries also increased.

At present, we are experiencing further development in the trend toward international detente. Catalysts for

promoting even further change in the international situation are U.S.-Soviet and East-West dialogue and interchange, political solutions and reduced tensions in regional conflicts, the economic reform and readjustment of many countries, and competition in exploiting advanced technology and enhancing national strength. Overall, this new situation is beneficial for Third World countries. The peaceful environment allows these countries to concentrate manpower and resources on national construction, and the detente in international relations has opened up broad avenues for them to improve their international cooperation. Third World countries should make the best use of this time to carry out economic and cultural construction and to increase national strength so proper conditions can be created that will allow them to participate in economics and scientific technology on a worldwide scale. However, detente does not mean a totally tranquil world, but brings along with it some complicated and troublesome factors. These countries must fully appraise these factors and be mentally prepared. They should not just believe that everything will be beneficial to them, but should also look at the detrimental aspects, and, based on the new conditions, research and adjust their former views and methods to suit the new situation.

Although the economic strength of the United States and Soviet Union have fallen, they still hold important influence in the world. Relations between the United States and Soviet Union have been relaxed and they will engage in further dialogue and negotiations and will strike further agreements. The United States and Soviet Union will, however, remain adversaries that compete and confront each other and will naturally strive to obtain national superiority with detente, especially superiority in economics and scientific technology. Sino-Soviet relations have also been normalized, changing a longstanding confrontational state, but in the future there will naturally be some differences and problems between them. In the international situation, the so-called U.S.-Soviet-Sino triangular relationship will continue to exist, but along with expanding detente, the relationship among these three countries is also experiencing change. Furthermore, a multipolar world has started to emerge. The bipolarized world of the postwar era is now shifting to a multipolar world, and, although this change will be a very long process, the world's problems have already started to become more diversified and complicated. Japan has become a great creditor nation and financial capital and is expanding its economic ties to the EC. The United States continues to rely on mutual cooperation and support with Japan, but its problems in economic and trade frictions and rivalries with Asian-Pacific forces are on the rise. The United States is also worried that the economic strength of Japan is surpassing its own. Interchange and cooperation between Western and Eastern Europe are improving and the trend toward independent action is gaining strength. Both the United States and Soviet Union want to solve the economic and trade problems and differences of opinion they have with allied countries and to reaffirm

relations with them. Even though there are many problems among the countries of the world, their mutual reliance and needs are also increasing due to economic and technological development. There has been an increase in economic integration and in countries forming blocs, and they are worried about each other conducting trade protectionism and being excluded. By 1992 the EC wants to establish a large unified market, the United States hopes to establish a free trade region under their control through bilateral agreements, and Japan is making plans for an East Asian economic group. To bring these plans to realization will not be easy, but it is worth giving some attention to. The multipolar world is in some ways beneficial and in some ways detrimental to Third World countries. Those that adapt to the changing multipolar world will be those that view and research things in a new light.

The research and development of advanced technology by many countries of the world, especially developed countries, has paved the way for the current new technological revolution. This scientific technological revolution that uses information innovations as its principal component will emerge gradually during the first part of the next century. This will not only greatly raise production capacity and slowly change the entire look of production and life in society, but will also greatly increase a country's overall national strength—especially its economic, scientific, and technological strength—which will determine that country's world position during the next century. As a result of this, intense competition is now unfolding to develop advanced technology and increase national strength. The science and technology levels of Third World countries is generally low, and even though some of these countries have joined the advanced ranks of the world in certain aspects, their overall level still lags far behind that of the advanced countries. If they are unable to catch up, this gap will probably increase during the next century. Involving all trades and professions in the exploitation of advanced technology is limited by a country's general education level. There are still many problems and much work that must be done in order for Third World countries to catch up to the level of advanced countries.

The Soviet Union and some East European countries are now in the midst of carrying out economic and political reform. Although they have made progress, they are still experiencing many difficulties in economic and political areas. The problems that the Soviet Union and East European countries have accumulated in their economics, politics, society, nationalities, and democratic rights over a long period have become prominent since detente and cannot be resolved overnight and, as a result of not having experience in reform, it will be difficult for them to avoid various kinds of mistakes. The Soviet Union's "new thinking" has reversed old thoughts and put forward many new concepts. Some East European countries have carried out thorough reforms based on their individual circumstances and in certain cases have been too extreme, causing disputes both at home and

abroad and even leading to political repercussions. As a result, it is very possible that a confused situation will emerge in some countries and areas. This new situation in the Soviet Union and East European countries is attracting attention.

At present, the economic situation in Third World countries of Africa and Latin America is extremely serious and is continuing to deteriorate in certain countries. Even though the GNP of Africa for 1988 increased by 2.5 percent from 1987, per capita income fell by 4.2 percent because of a sharp increase in population, a drop that has continued for 8 consecutive years. Its foreign debt now totals \$200 billion, and, since it does not have the ability to pay back the capital plus interest or to borrow more money, its debt burden continues to intensify. The economic situation of Latin America became more serious than it was in 1987; GNP increased by 0.7 percent, which is less than the 2.5 percent in 1987, and the per capita income fell by 1.5 percent, continuing a decrease that has lasted for 5 years. Latin America's foreign debt is more than \$400 billion and, although its exports have surpassed the \$100 billion mark, they have had little effect, due to payments of \$40 billion in capital and interest on its debt. Inflation in some of these countries has surpassed 200-300 percent and has even exceeded 1,000 percent for some. Although a small number of countries and areas in Asia are developing rather quickly, the majority are experiencing problems of varying degrees and some very serious problems. Aid, investments, and other types of finances flowing from developed countries of the West to economically troubled nations have decreased, while funds from these countries going to developed countries of the West has increased. The effect of economic conditions on the political situation in the majority of Third World countries cannot be easily ignored. The weak economic base, underdeveloped market economics, poor credit, and bad investment environment of Third World countries may put them in an even more disadvantageous position in future economic competition. Additionally, development and breakthroughs in science and technology by developed countries will increase the gap between the Northern and Southern Hemispheres, causing further weakening of the Southern Hemisphere's economy. The majority of Third World countries have great difficulty with their economic adjustment and reform along with many other problems that make progress extremely slow. Faced with the present situation, Third World countries should pay serious attention to doing everything they can to overcome difficulties and to keep pace with the times.

Since the warming of Soviet-U.S. relations, a few Third World countries have experienced flareups in former internal problems that include problems between political parties, between the military and government, and with nationalities, religions, and social problems. There has also been a surge in societies calling for democracy and opposing autocratic rule, requesting improvements in wages and treatment, and opposing high prices of goods and commodity shortages. In addition to this, a

decline in aid from the United States and Soviet Union is intensifying economic problems and debt burdens. Many countries are having increased disputes with neighboring countries regarding territory, religion, races, and immigration. Some new conflicts within countries or between countries may erupt and some old conflicts may reemerge. Although the Soviet military has withdrawn from Afghanistan, the civil war in that country is intensifying and the situation is deteriorating. Even though a possible political solution to the Cambodian problem has emerged, Vietnam has gone back on its word and is trying to maintain control over Cambodia. This situation needs to be observed further.

In the case of China, international pressure has been brought to bear on it about Tibet and human rights, and, concerning Taiwan, they have manufactured "two Chinas" and "China and Taiwan"; we need to watch out for this type of thing and handle it in a conscientious manner.

Tense times naturally produce tense problems and after relations are relaxed the problems are still complicated and difficult. The effect of international detente on Third World countries is extremely complicated. The state of the world and international relations are undergoing a great change. Countries should fully utilize beneficial circumstances and work hard to build up their own countries, but they must also pay attention to detrimental aspects to prevent their possible bad effects. In the future, clear-cut disputes will probably be reduced, but those with vague causes could increase. For these reasons we must have foresight and creativity, and, based on the emerging situation, conduct research and adjustment strategically in order to handle this new situation.

UNITED STATES

Effect of New U.S. Administration on Asian-Pacific Cooperation

40050705a Shanghai GUOJI ZHANWANG [WORLD OUTLOOK] in Chinese No 14, 23 Jul 89 pp 5-7

[Article by Gong Huifeng 7895 1979 1496: "Bush Administration Offers New Policy Toward Asia"]

[Text] The Asian-Pacific region has clearly assumed increasing importance in U.S. foreign policy. During its 8 years, the Reagan administration stressed that the United States is a Pacific power and that American interests in the region must be maintained. The Bush administration, on the other hand, seems to be more concerned with taking concrete action to deal with the new challenges from the region. Soon after Bush assumed office, his administration, from the president to the vice president and other top officials, began a busy round of visits to the Asian-Pacific rim. In a speech to the Asian Foundation on the eve of his visit to Asia early this month, Secretary of State James Baker III formally put forward a "tentative plan for a future Pacific partnership," a break with the lack of interest in Pan-Pacific cooperation characteristic of the United States in the past.

Baker's proposals are guided by three principles: Extensive U.S. participation, a new and truly global partnership between the United States and Japan, and establishment of new machinery for economic cooperation in the Pacific area. Since further wide-ranging consultations are necessary between the United States and other interested countries in the region, Baker's new proposals include nothing specific about the form and shape of the new machinery for economic cooperation, but merely mention three ideas. First, the new machinery for economic cooperation must be all-embracing in its purview, from trade to economic development, from cultural exchange to the protection of regional natural resources. Second, the new partnership must contribute to the growth of trade and investment and promote the free flow and exchange of commodities, labor, capital, technology, and ideas in the region. Third, it must take into full consideration the differences in the social economic systems and levels of economic development in the region. In particular, Baker emphasized that, despite what he called "regression" in China in early June, the new plan for future Asian-Pacific cooperation will not succeed without Chinese participation. Baker's new proposals may be formally considered for the first time at the Asian-Pacific regional economic cooperation ministerial conference scheduled for this fall.

World Economic Center Shifting to Asia

The Asian Pacific region is becoming more and more important to the United States. This is the backdrop against which Baker made his new proposals. Last year bilateral trade between the United States and Pacific nations hit \$271 billion, far more than the \$186 billion in bilateral trade between the United States and countries on the other side of the Atlantic. U.S. investments in the Pacific region also amounted to a high \$33 billion and contributed 23 percent of all returns on overseas investments by U.S. companies. It is almost certain that the growing strength of this region is a long-term trend. According to the latest research report by the Rand Corporation, the power center of the world will shift to Asia in the next 20 years. By 2010, the combined GNP of Japan, China, Taiwan, and South Korea will be \$8,500 billion, higher than the projected U.S. GNP of \$7,900 billion.

Baker's proposals must also be viewed against the enormous political and economic changes in the region, a sign that the postwar political and economic order is coming to an end and that it will be replaced by an evolving new order. To varying extents, both developed nations in the region, like the United States and Japan, and their developing counterparts hope to see the creation of new machinery to promote regional economic cooperation and development.

First, economic interdependence in the region is rising and the mobility of commodities, capital, labor, and technology has increased substantially. In 1988, intraregional trade amounted to \$200 billion, which shows that a solid material base for the creation of new machinery for economic cooperation is already in place.

Moreover, the political and economic situation in the region has shifted considerably. The postwar collective security system built up so painstakingly by the United States could not last forever. Politically, the tidal wave of democratization cannot be resisted. As old dictatorships such as those in South Korea and the Philippines tumble one after another, the traditional American policy of unconditional support for dictatorial governments must be readjusted. To various degrees political structural reform is also under way in many other Asian countries. To maintain its influence and power in this region, the United States has no alternative but to modify its policy accordingly. Militarily, Soviet-U.S. detente has made tremendous progress. For 20 years after the war, the Eastern and Western blocs were at swords' points. Now the tension between the two has eased so much that President Bush, in a speech on 12 May, even declared an end to the longstanding American policy of "containment" aimed at the Soviet Union. The effect of these developments on Asia is profound. In the Korean Peninsula, for instance, the most important issue these days is the unification of North and South Korea through dialogue. While the superpowers remain influential, the peninsula is no longer the cockpit where they duel openly and covertly to expand their influence and flex their military muscles. This change also requires a corresponding adjustment in U.S. policy.

U.S. Interests in Asia Under Challenge

Needless to say, the three basic principles put forward by Baker in his new proposals are intended to preserve U.S. interests now under constant challenge in the region.

The world trend toward economic regionalization, represented by the creation of a unified market in the European Community [EC] in 1992 and the conclusion of the U.S.-Canadian free trade treaty, manifests itself in Asia as a resounding call for establishment of some kind of economic cooperation machinery. As one of the most active proponents, Japan has presented numerous ideas, such as the Pacific Community. Common to all its proposals is a leading role for itself, like the goose at the head of a flock of wild geese in flight. But this is not unique to Japanese proposals. Prime Minister Bob Hawke of Australia put forward similar proposals earlier this year for an Asian-Pacific regional economic organization. In January he sent an envoy to 10 nations that he thought would play a crucial role in such an organization, but the United States was not one of them. The United States used to turn a deaf ear to regional cooperation proposals. Now that the possibility of economic cooperation in the Pacific rim is increasing rapidly, the United States, unwilling to be left out, has made its participation a major aspect of such cooperation.

A new U.S.-Japanese partnership is of paramount importance in Baker's proposals. Because the United States and Japan are the region's most formidable economic powers, their relationship will naturally have a significant impact on other nations. As far as the United States is concerned, however, handling its economic and

political relationship with Japan is becoming an increasingly tricky problem. As an economic power second in the world only to the United States, Japan is now the top donor of foreign aid and has a growing say on economic matters at a time when the economic prowess of the United States is on the decline. No American plan for regional cooperation can succeed without Japan's approval and participation. Because of its economic problems, the United States has demanded that Japan shoulder a larger share of defense costs, including 40 percent of the cost of running the American military bases in Japan. Technological weaknesses have also persuaded the United States to seek cooperation. The recent deal to jointly manufacture the FSX fighter plane is only one of several examples.

For the United States, what makes a new U.S.-Japanese partnership even more significant is its steep trade deficit with Tokyo, which has frequently led to conflicts and has become a major political issue in recent years. In late May, the United States included Japan among countries which it accused of unfair trade practices. Japan, it charged, erected import barriers against U.S. satellite, super-computer, and manufactured wood products in violation of Super Article 301 of the 1988 Trade Act. The U.S. Government is under immense pressure from Congress to pry open the Japanese market. A key consideration behind Baker's proposals, which call for new open markets and the free flow of commodities and labor, is the desire to solve U.S.-Japan trade conflicts.

In calling for the creation of new machinery for economic cooperation in the Asian-Pacific region, Baker also wants to expand the regional market for American commodities and labor services. The United States has extensive economic ties to many nations and regions in the Pacific rim. In recent years the United States has emphasized time and again that restrictions against U.S. exports, both merchandise and labor, by these nations as well as their various unfair trade practices have caused the United States severe economic losses, and it has demanded on several occasions that these problems be solved through multilateral negotiations, such as those under the General Agreement on Tariffs and Trade [GATT], as well as through bilateral talks. It has also frequently threatened to retaliate by invoking relevant U.S. legislation (such as the 1988 Trade Act). Baker's proposals look like a package deal, but a crucial part of it is the demand that the Asian-Pacific region open its markets to U.S. merchandise and labor.

A Bumpy Road Ahead for Asian-Pacific Cooperation

The future Pacific partnership represents a new vision whose realization is fraught with difficulties. To begin with, although the United States, Japan, and other developed nations are linked in a solid strategic alliance, their economic interests are divergent and economic conflicts are frequent. Where basic economic interests are at stake, there is only so much that politics can achieve. Besides, detente, not confrontation, is the trend in the world today, including in the Asian-Pacific region.

Second, economic systems and levels of development in the region are widely divergent, much more so than those in Europe or other parts of the world. For ideological and economic reasons, any substantive proposal to bring about economic cooperation in the region is bound to be highly controversial. Even if adopted, it may come to a premature end in the course of implementation.

Because of the existence of divergent economic systems and differences in levels of development, it will not be possible to fashion a multilateral organization of cooperation like the EC or to conclude a free trade treaty like that between Canada and the United States. The most likely scenario is a multilateral coordinating body through which countries in the region may consult with one another on merchandise and labor trade, investment, and technical cooperation. Of course, a more advanced form of cooperation is also possible.

The idea of economic cooperation in the Asian-Pacific region has inspired many tentative blueprints, Baker's being one of them, although it has attracted more responses. Before it can become a real plan, however, a lengthy process of bargaining, revision, and elaboration is necessary.

NORTHEAST ASIA

Changes in Soviet Political Supervision System

90ON0037a Beijing SHIJIE ZHISHI [WORLD AFFAIRS] in Chinese No 18, 16 Sep 89 pp 28-29

[Article by Cui Jianshe 1508 1696 6080: "Soviet Union Strengthening the Supervision System"]

[Text] After the USSR's 1st Plenary Session of the National People's Congress was held, the 1st Permanent Conference of the Supreme Soviet earnestly exercised its responsibilities. There is a consensus that the two meetings have had "a major impact on the Soviet Union." Gorbachev, has repeatedly emphasized that "we are in the process of learning democracy and parliamentarianism." The new authority at the highest level, in exercising one of its basic functional powers—that of supervision—has left a deep impression. It would seem to bode well for top-to-bottom reform of the Soviet Union's supervision system.

During the two meetings, the newly elected people's delegates were serious in executing their supervisory power entrusted to them by the people, a departure from the improper "rubber-stamp" actions of the past. They tackled the most important problems discussed during the meetings, engaging in heated debate. These included setting the conference agenda, elections to the two houses of the Supreme Soviet, election of its chairman and vice chairman, approval of the missions and functions of the leaders of those departments and agencies established by the highest authority, election of the

Constitutional Supervision Committee members, acceptance of Gorbachev's and Ligachev's reports, ethnic disturbances, and ethnic relations.

There was no area immune from criticism. Gorbachev himself was an object; some questioned his impartiality, others opposed his wearing more than one hat. Also, there was no lack of detractors of his policy failures. Even the military and the KGB, which had usually been exempt from public supervision, came in for severe criticism. The delegates fully exercised their prerogative to ask questions, whether setting sights on the government in general or demanding an explanation from a departmental official or questioning an incumbent during hearings to elect or approve an appointment. The most remarkable aspect was the "examination" of all those officials who appeared before the two meetings for confirmation or approval. The chairman of the Supreme Soviet, the first deputy chairman, the chairman of the Departmental Committee, its deputy chairman, all nominees for senior posts, none were exempt. Of these, the nominee for first deputy chairman, Luk'yanov, was obliged to appear five times and answer over 40 questions before he won the approval and confidence of a majority of the delegates. Yet, on 27 June, six of the top nominees for department head or committee chairman were rejected one after another.

What happened was unprecedented, but if this is a new facet of the Soviet Union's supervision system, then what had it been like before?

Comprehensive Functions, Broad System

What we are looking at here is narrow-spectrum supervision of political and legal matters. Its substance, in summary, is the overseeing of lawful and rational conduct on the part of the governmental authority and its delegated elements. The Soviet supervision system functions as a narrow overseer of governmental agencies, socioeconomic and cultural organizations, as well as those citizens who participate in such supervisory activities.

The Soviet supervisory system sprouted from roots in the Lenin era, took form under Stalin, and underwent expansion and modification in the succeeding years. Among socialist countries, it has had the longest history, is the most extensively organized, and has the most functions. Characteristically, it is party oriented, nationalistic, and populist. Its object is to be ubiquitous and all-encompassing. The documentation upon which its actions are based has great variety. It stresses a combination of monitoring for problems and regulation and control to solve them.

The complete list of functions may be divided into three categories: political, economic, and sociocultural. In the political field, it preserves and protects the legal system, guarantees the implementation of administrative regulations, improves the work and structure of governmental bodies, and screens the cadre. In economics, it must preserve plans for socioeconomic development, enforce execution of the fiscal budget and various economic

regulations, and exercise supervision and control over the national economy as well as over departmental, interdepartmental and regional economic activity. In sociocultural matters, it must guarantee the normal advancement of national education, science and technology, cultural matters, maintenance of health, physical exercise, and society's security.

The Soviet supervision system is massive. Included in it are the national authority's organizational supervision system: The soviets at each level, its standing committees and the National People's Congress; the party supervision system: the party committees at each level, including the supervisory committees; the national administrative organizations supervision system: the various Soviet republics' departmental committees, subordinate bodies, special prosecutors, local soviet administrative bureaus, contractor and entrepreneurial offices; the people's supervision system: the people's supervision committees at each level, supervisory branches, supervisory posts, and individual overseers. Concurrently, there is comprehensive collective social supervision, civil and prosecutorial supervision, citizens' and group discussion supervision.

In the long run, the Soviet Union's supervision system has made a definite contribution to the establishment of socialism. Yet, it is but one part of the highly concentrated Soviet political structure, with all its structural defects and imperfections. Prominent among these are blurring of the line between government and party and the party's supervision of the various administrative bodies characterized as "guardians of the trivial." There has been no guarantee of the soviets' supervisory powers, and political supervisory functions are regressing, the result of long-term piecemeal supervision of party and governmental executive action. Subject and object are intermingled, many of the supervised are the very organizers of the supervisory activity, thus creating the aberration of people overseeing themselves. Multilayered organizations and duplicate supervision cause serious waste of human and financial resources, reduced work efficiency, and valuing form over substance. Quantity of prosecutions is valued over quality; there is weak civil and prosecutorial supervision (lack of autonomy). Complaints and accusations by the public were inappropriately handled. The agency responsible either suppressed charges or downgraded them. Supervision of group discussion was not nurtured. As a result, in 1987, at the June Central Committee Congress, Gorbachev sighed, "What supervisory machinery we have has been ineffective."

Political Reforms Impact Upon Reforming the Supervision System

Gorbachev clearly advocated fundamental reform in the political sector. Substantial democratization of socialism and expansion of glasnost has raised political activism and enthusiasm for reform on the part of the Soviet people. Reform of the Soviet Union's political structure had begun its voyage from the time of the 19th Congress

of USSR People's Deputies. These active changes, in turn, pushed reforms on the supervision system resulting in the following:

1. Reaffirmed the premise that the party is society's vanguard in political thought, delineating the conditions for demarcation between government and party responsibility. In the new political structure, the party organization will no longer be directly involved in national contractual and entrepreneurial activities, with a gradual change in the present phenomenon of the party supplanting government and its "guardianship of trivia."

2. Restoration of power to the soviets. Measures such as establishing a new agency with the highest authority, popularly elected people's delegates, and semi-autonomous delegates of the Supreme Soviet all provide the possibility of affording this high-level agency with real supervisory powers. Just as the two meetings manifested, all high-level public servants will be elected, approved, or rejected, or perhaps even be recalled only after hearings by this highest authority. The Supreme Soviet will use the eight monthly meetings each year to monitor and critique the government's domestic and foreign policy. It will have the power to dissolve the Supreme Soviet's chairmanship body, reject resolutions from the Supreme Soviet's chairmanship and departmental committees, and its recommendations and orders. The newly established Supreme Soviet's committees will join the standing committees of the two houses in exercising day-to-day supervision of governmental activity.

3. Decide to establish a Constitutional Supervisory Committee. Its legislation having already been drafted, the membership of this extremely important new body will soon be chosen by the People's Congress from among political and legal experts. It has only to observe the constitutional provisions and carry out its responsibilities. Its most important mission is to Monitor conformity of all legislation to the Constitution. In the history of the Soviet Union, this is the first autonomous organization to supervise constitutionality; its creation will change constitutional supervision from empty rhetoric into fact.

4. Strengthen and elevate the status and powers of the Soviet People's Supervision Committee. It was established by the Supreme Soviet in the past, but its chairman was a member of the government; it could supervise departments and committees but not departmental chairman committees. Now, its chairman will come from the chairmanship group of the Supreme Soviet. Thus, it will change from being a quasigovernmental body to an organ of the Supreme Soviet, acquiring the power to introduce legislative bills and to regulate activities of the various special supervision agencies.

5. Promote principles of glasnost and formulate laws for the fourth estate; this will guarantee the people's right to know and their freedom of speech. It will strengthen the ability of group discussion bodies' supervision of governmental activity and of government officials.

6. Political structural reform will serve as a partial reform of the legal system guaranteeing the independence of the court and public prosecutor systems. In the past, it was difficult for the courts or the prosecutor's office to intervene in cases of governmental illegality or usurpation of powers, misconduct was difficult to adjudicate or was ignored. This may now be overcome.

7. Elevate the supervisory role of various social organizations; the new election laws will afford representatives from such groups a prescribed place at the highest level of authority.

8. Promote the role of the citizen in exercising supervision. In 1987, the "Procedure in the Soviet Union for Prosecution of any Public Official Who Unlawfully Violates the Civil Rights of a Citizen Act" was drafted, transforming the procedure by which a citizen may sue or accuse from being an administrative to a litigious action. In response to the appeal by numerous legal experts, the citizen's basic power to sue was expanded to include actions of collective misconduct by any leadership agency.

In summary, we can see that the new Soviet Union political structure and the reforms in the supervision system are mutually complementary. Following thorough development of political reform, the supervisory structure and machinery should provide increasing effectiveness.

PRAVDA Article Marks PRC Anniversary

HK1510062489 Beijing RENMIN RIBAO in Chinese
9 Oct 89 p 7

[Article by (F. Ovchinnikov), PRAVDA Political Observer: "Congratulations on the 40th Anniversary of the Founding of New China"]

[Text] Like all Russians, I am glad to see the 40th anniversary of the founding of the PRC, which falls after the normalization of relations between the two countries. I have just concluded my China visit arranged by my Chinese counterpart and I would like to express here some of my personal feelings.

The 40 years since the founding of the PRC have been an important stage in history. To myself, it is part of my life. It happened like this: On the eve of the 4th anniversary of the founding of New China, I paid my first visit to China and started my journalism career as the youngest PRAVDA reporter sent abroad.

I gathered news about the major construction projects of China's First 5-Year Plan. I am the witness of the first victory scored during the First 5-Year Plan. By the end of 1953, the new furnace and the tube and rail rolling workshops went into operation in the Anshan Iron and Steel City. Not long ago, I personally witnessed these projects still operating. The "800" rolling machine, a product of (Ular) Heavy-Duty Machine Tool Factory, has operated for seven 5-year plans successively, turning out an annual output of 1 million tons of rolled steel for China.

I was also glad to see Anshan, regarded as "China's (Makhtogorsk) Iron and Steel Complex" in the 1950's, become China's Iron and Steel Engineering University which trained 50,000 experts for similar enterprises throughout the country. Large numbers of enterprises newly built during the First 5-Year Plan also played the role of training qualified personnel for the trade.

Thirty years ago, I personally witnessed the first "DT-54 model" caterpillar tractor manufactured by China in Luoyang. When I arrived at this ancient city not long ago, I simply could not recognize its new look because the dense Chinese parasols along the boulevard made the city look younger. Now, the time when all Chinese provinces can manufacture tractors, the "First Tractor" Complex is still a leading farm machine manufacturer and design center.

The autumn of 1952 was unforgettable to me. I was busy every day writing reports on the 8th CPC National Congress for PRAVDA. China laid down the foundation at that time for its industrialization and socialist transformation of agriculture and individual industry and commerce. The 8th CPC National Congress determined the party's general line for socialist construction and building China into a developed country.

What is the difference between China in the 1950's and 1980's? What unexpected and particularly surprising things have taken place in this country? The first scene that appeared before my eyes was the great change in rural highways. In the stream of vehicles, rickshaws were eliminated long ago and replaced by small tractors or motorcycles. Full of bricks and tiles, these vehicles sped along the highways. This may also be regarded as the characteristic of the times. After settling the question of food and clothing, the next thing Chinese peasants want to do is to build a new house. For this reason, bricks, tiles, and concrete slabs are required everywhere.

Township enterprises constitute a newly emerging factor in the economy. I am not fully aware of its significance. This new and effective factor has offered employment to 95 million peasants and made full use of surplus labor. Township enterprise production accounts for 28 percent of China's total industrial output and their exports account for 20 percent. I always had an idea in my mind: This experience is probably applicable to the Soviet Union's Asia Minor and outer Caucasus because of the abundant labor resources there.

To prove the achievements and difficulties of the republic over the past 40 years, I made the following two comparisons: First, China's population increased from 540 million to 1.1 billion in 40 years, and second, the 3:7 proportion between industry and agriculture in China's total output value in 1949 has been reversed. If China's population had not increased by 100 percent over the past 40 years, you could further realize the growth in agricultural productivity. It should be noted that total grain output increased by one-third and the output of meat and cotton increased by 100 percent in the years of reform.

The second comparison shows that from being a backward agricultural country China has become a major industrial power. Now China's coal and cement output ranks first in the world. Its steel smelting and electric power production ranks fourth and crude oil output ranks fifth.

The 10 years of reform have also been 10 years of implementation of the open policy. Thanks to the open policy, China has attracted a total of \$45.098 billion in foreign loans and direct investment. By the end of 1988, China approved the establishment of 15,948 foreign-invested enterprises. These enterprises number several hundred in Shanghai alone, more than the total number of foreign enterprises in the Soviet Union. This serves as a typical example. There are things we can learn from our Chinese friends.

During a visit to Xian, the deputy secretary of the provincial party committee told me, "Following normalization of relations between Beijing and Moscow, the open policy should be vigorously applied to our relations with the Soviet Union." "In history, this city has been regarded as the beginning of the great 'silk road.' We are glad to learn

the news about the construction of a new railway connecting China's Xinjiang with the Soviet Union's Kazakhstan; it will be like rebuilding the great silk road."

As the center of world commercial and trade activities is shifting from the Atlantic to the Pacific Ocean, by the 1990's Europe's interest in Asia will gradually increase and economic contacts between Europe and Asia will grow further. This will open bright prospects for China and the Soviet Union to become the fulcrum between Europe and Asia and between the Atlantic and Pacific Oceans. Cooperation between our two countries will accelerate economic integration in the region and serve as catalyst promoting the progress of the whole of Asia.

A country becomes mature when it reaches the age of 40. Socialist China has greeted its festival as an essential member of the international community with rich experience and one that shoulders great responsibility. It is gratifying to see China vigorously exert its influence and strength to promote the settlement of the current pressing problems and ensure the health and progress of mankind.

NATIONAL AFFAIRS, POLICY

Socialist Economy Seen Superior to U.S. Capitalism

HK0310092489 Beijing RENMIN RIBAO in Chinese
25 Sep 89 p 6

[Article by Zhang Anding 1728 1344 1353; "Four Decades of Socialist Economic Development in China"]

[Text] Despite twists and turns in New China's 40 years of history, the motherland has forged ahead like a giant wheel cleaving forward through the waves. The brilliant achievements of New China have far surpassed old China's and narrowed the gap between itself and developed countries including the United States. China's achievements are great and its successes are gratifying.

There Were Scenes of Devastation Everywhere During the 40 Years of Capitalism, and There Are Pictures of Prosperity Everywhere Over the Last 40 Years of Socialism

Let us compare the periods before and after liberation. The CPC and the Kuomintang [KMT] have undergone 40 years of history on this same soil but made markedly different achievements under different social systems with basically the same material conditions. The KMT took the capitalist road during almost 40 years from 1911 to its failure in 1949. During this period the country's economy went from bad to worse, the people had no means of livelihood, and the country turned into a semicolony. The CPC has taken the socialist road during the 40 years from 1949 to 1989. Over the last 40 years the country's economy has become more prosperous every day, great achievements have been made, and China has turned into an initially strong country.

The rule of the feudal dynasty was overthrown in the bourgeois democratic revolution led by Dr Sun Yat-sen. This was big step forward. But due to the limitations of the bourgeoisie's class nature and its guidelines, Dr Sun Yat-sen could not fulfill the task of opposing imperialism and feudalism. After several setbacks he deeply felt that to solve China's problems, there was a need to unite with the Soviet Union and the CPC and to support the peasants and workers. But this policy was discarded by Chiang Kai-shek after Sun Yat-sen's death. Chiang Kai-shek practiced capitalism for 22 years in China but the country's economy went from bad to worse and its politics was corrupt. The KMT practiced capitalism for almost 40 years in China but the country's annual industrial and agricultural production was very meager. Cotton, steel, crude oil, and sugar output only amounted to several hundred thousand tons a year, annual electric generation was registered at only 6 billion kilowatt hours, and only 2.8 billion meters of cloth was produced annually in the textile industry, which was a little better than other industries. There were no major industries at all. Primitive workshops and small handicraft constituted the country's industry. In 1949 old China accumulated only 10 billion yuan of fixed assets and the production of major industrial and agricultural products dropped by a wide

margin. Light industrial production dropped by 30 percent, heavy industrial production dropped by 70 percent, and grain production dropped by 25 percent, thereby widening the gap between China and developed countries. In old China there was a marked difference between the rich and the poor, unemployment was serious, prices kept soaring, the people had no means of livelihood, and there were scenes of devastation everywhere.

The CPC established the socialist system after it liberated the mainland, thus for the first time fundamentally ending the Chinese people's position of being exploited, oppressed, and enslaved and allowing them to become masters of the country. Because of this fundamental change, New China has made achievements much greater than those in old China in the fields of national economy, science, technology, culture, and education, although it has risen out of the destruction remaining from decades of war, started on a very feeble basis, made mistakes, and suffered setbacks.

From 1950 to 1988 investments under ownership by the whole people totaled 2,150 billion yuan, 4,393 large- and medium-sized key projects were completed, and fixed assets increased by 1,560 billion yuan, more than 100 times as much as the value of old China's fixed assets. This laid a solid material and technological foundation for developing the social productive forces and improving the people's standard of living.

Known as a "country built on agriculture," old China's annual grain output amounted to only 150 million tons at most and its cotton 849,000 tons, whereas New China's grain output for 1988 totaled 394 million tons and its cotton 4.149 million tons, an increase of 1.6 and 3.9 times respectively.

Increases in main industrial products for 1988 over those before liberation are as follows: Cloth increased by 5.7 times, steel by 63 times, raw coal by 15 times, generated electricity by 90 times, and machine tools by 35 times; petroleum, chemical fertilizers, and radios increased by varying degrees ranging from several hundred to several thousand times. Now China has established an independent, self-reliant, and comparatively complete national economic system for self-development. The country can manufacture most of the facilities for economic development as well as sea, land, and air transport facilities. About 30 percent of its machinery and electronic products are up to international standards. These developments and achievements are beyond compare with old China's or Taiwan's.

There have also been great developments and improvements in science and technology. Unprecedented progress has been made in high and national defense technologies, such as the successful operation of positron and negatron colliders in Beijing, the successful launching of nuclear-submarine-based rockets, the accurate positioning of a communications satellite in space above the equator, the successful manufacture of intercontinental ballistic missiles, the successful operation of

a 600,000-kilowatt thermal power generating set, the application of the technology of deep and inclined well drilling on land and sea, and the popularization of break spinning and air-jet weaving. Apart from this, 70 percent of new products in the machinery industry have approached or reached international standards. Many scientific and technological achievements in the national defense, industrial, agricultural, and medical fields have approached or reached international standards. These include the manufacture of synthetic bovine insulin, the application of gene engineering, the use of high temperature superconductors, the popularization of hybrid rice, rejoining severed arms, and the treatment of burns.

Great developments have also been made in the cultural and educational fields. Before liberation the maximum annual record of students studying in colleges and schools was 25.72 million (of whom 155,000 were university students). In 1988 there were almost 200 million students (of whom 2.066 million were university students), an increase of 6.8 times over the maximum annual record before liberation. Over the last 40 years since liberation China has turned out 6.19 million students and 154,000 postgraduates, 30 times as many as the number of students and postgraduates in old China from 1912 to 1948. Now the number of Chinese students studying in colleges and schools annually accounts for 83 percent of the U.S. population of 240 million. This is also beyond compare with old China's or Taiwan's.

The standard of living of urban and rural people has also markedly improved following the development of production. Old China's population was only half of the present population, but the people did not have adequate food or clothing; they lived in hunger and cold. The population has doubled since liberation but can have adequate food and clothing, and their standard of living keeps improving. The per capita annual consumption increased from 76 yuan in 1952 to 639 yuan in 1988, an annual increase of 3.7 percent after the deduction of price rise indices. The annual increase from 1979 to 1988 stood at 7.6 percent. The citizens have also witnessed quantitative and qualitative changes in their food, clothing, daily necessities, and living quarters. Some citizens are enjoying a better life. Almost every family has bicycles, wrist watches, and radios; the production of washing machines, refrigerators, cassette recorders, and color television sets has rapidly developed. Deposits by the urban and rural people amounted to 380.2 billion yuan in 1988, an increase of 17 times over the 21.1 billion yuan deposit at the end of 1978 and 411 times over the 860 million yuan deposit in 1952. Moreover the people's spiritual and cultural life has become richer.

China's comprehensive national strength has gained momentum over the last 40 years. In 1988 China's GNP and national income respectively increased by 10 and 9 times over 1952, its gross agricultural output value by 2.6 times, and its gross industrial output value by 54 times. Now China's GNP ranks eighth in the world. Its gross industrial output value ranks fifth in the world and

its gross agricultural output value has far exceeded other countries and ranks first in the world. China's farmlands account for only 7 percent of the world's total but are used to feed a population accounting for 22 percent of the world's total. Foreign newspapers had no alternative but to admit: "The Chinese Government has solved the living problem of 1 billion people. This is most terrific." Economically old China was very backward; politically it was oppressed and exploited by foreign countries and did not have any position in the world. Liberation put an end to imperialist oppression and exploitation in China and changed its disunity. Standing aloft in the world, socialist New China has grown stronger. Through a comprehensive analysis, some Japanese and American academics have rated China as sixth or seventh among world countries in terms of national strength.

Irrefutable facts have proved that New China has scored great successes in its socialist construction under the CPC leadership. Only socialism can save China, and only socialism can develop China. This conclusion is completely correct.

Mournful Winds and Rains for the 200 Years of the United States, Energetic Buildup in the 40 Years of China

China is temporarily inferior to developed countries in terms of science, technology, per capita industrial and agricultural production level, and standard of living, but this does not mean that the gap between China and these countries is widening.

China is falling behind some developed capitalist countries and not all capitalist countries. Quite a number of countries practicing capitalism are more backward than China. China's backward economy has remained from history. This backward situation has existed for at least 100 or 200 years and not just for decades. This backwardness is not the result of practicing socialism. Contrary to this, under the CPC leadership New China has taken the socialist road and used a comparatively short span of 40 years to narrow the gap of 200 or 300 years between China and developed capitalist countries, thus turning prolonged backwardness into temporary backwardness. Viewed from its development trend, this gap is narrowing.

When New China was just established, the United States—the most developed capitalist country—already had an economic base far more superior than ours, and its conditions for economic development were also better than that of China. The United States has a construction history of more than 200 years but its population has only increased by 100 million, 460 million less than the increase in China's population. However we have narrowed the gap with the United States in the last 40 years. The total output of some important products has approached, reached, or even surpassed U.S. levels.

Grain output: In 1950 China's grain output was only 130 million tons whereas the grain output in the United States

stood at 150 million tons, 15 percent higher than that of China; in 1986 the United States produced 375 million tons of grain but China's grain output rose to 390 million tons, 4 percent higher than that of the United States.

Cotton output: In 1950 China's cotton output was only 690,000 tons whereas the cotton output in the United States stood at 2.17 million tons, 3.14 times that of China; in 1986 the United States only produced 2.13 million tons but China produced 3.54 million tons, 66 percent higher than cotton output in the United States.

Pork and mutton output: In 1950 China's output was registered at 3.38 million tons whereas the United States produced 10.02 million tons, three times as much; in 1986 the United States produced 17.75 million tons but China produced 19.17 million tons, 8 percent more than the United States'.

Steel output: In 1950 China only produced 610,000 tons of steel whereas the United States produced 87.85 million tons, 144 times as much; in 1987 China's output rose to 56.02 million tons but the United States' was registered at 88.46 million tons, 58 percent higher China's.

Coal output: In 1950 China's output was 43 million tons whereas the United States' amounted to 508 million tons, 11.08 times as much; in 1987 the United States produced 830 million tons whereas China's output stood at 928 million tons, 11.8 percent higher than the United States'.

Output of chemical fertilizers (calculated according 100 percent effective fertilizers): In 1950 China produced 15,000 tons whereas the United States' output was 3.98 million tons, 264 times as much; in 1985 China's output rose to 13.22 million tons but the United States' output of fertilizers stood at 18.15 million tons, only 37 percent higher than China's output.

Cement output: In 1950 China produced 1.41 million tons whereas the United States' output was 38.72 million tons, 26 times as much; in 1987 the United States produced 67 million tons but China's output of cement was registered at 181 million tons, 2.7 times the U.S. output.

From 1979 to 1987 the United States kept an average annual increase rate of 2.3 percent whereas China's annual increase rate was 9.2 percent, 4 times as high.

China and the United States are among the 96 countries and regions whose agricultural increase values have been announced by the World Bank. In 1970 U.S. agricultural output value was \$61.9 billion and China's was \$69.2 billion, 12 percent higher than that of the United States; in 1985 China's agricultural output value rose to \$139.5 billion, an increase of onefold over 1970, but U.S. agricultural output value was registered at \$85.1 billion, an increase of only 37 percent over 1970. Thus, China's increase value was 64 percent higher than increase value of the United States. The annual increase rates are as follows: From 1965 to 1980 China's was 10 percent and the United States' was only 1.3 percent. From 1980 to

1985 the United States' was only 1.8 percent whereas China's was 9.4 percent, 5.2 times as high.

Annual industrial growth rates from 1951 to 1985 are as follows: The world's average was 4.4 percent, while industrial growth in developed countries was 4.2 percent, and growth in developing countries was 5.9 percent. China registered an annual industrial growth rate of 11.5 percent from 1951 to 1987, far higher than those of the world and developed countries.

Now quite a number of China's major economic indices rank in the forefront of the world. For example, China's agricultural output value and its output of grain, cotton, peanuts, rapeseeds, meat, coal, cement, cloth, silk, electric fans, electric rice cookers, bicycles, and sewing machines have surpassed those of the United States and risen from second, third, and fourth places in 1978 to first place now. Its television output has risen from eighth to second place now; its output of chemical fertilizers has risen to third place; its steel output and generated electricity have risen respectively from fifth and seventh to fourth place.

From the above figures we understand that under the CPC leadership, socialist New China's achievements for the last 40 years have surpassed the achievements made by the United States in about 150 years. Viewed from our development trend, our socialism is successful and has great superiority. Viewed from our development stamina in particular, although the United States has acquired a higher level of science and technology than China, some of its remaining mineral resources are far inferior to China's because it started exploiting these resources very early. Statistics compiled by a foreign investment corporation suggest that U.S. government and personal debts totaled \$8,000 billion in 1987 and those of the government amounted to \$2,000 billion. The U.S. Department of Commerce announced on 29 June 1989 that U.S. assets in foreign countries totaled \$1,254 billion whereas foreign assets in the United States amounted to \$1,786 billion, an unfavorable balance of \$532 billion to the United States. This will produce a harmful impact on U.S. future economic development. Now China's domestic and foreign debts amount to tens of billions of U.S. dollars, far less than the United States'.

Taken as a whole the U.S. people's standard of living is higher than the Chinese people's, but their lives are not so good as some people have advocated.

The U.S. economy is developed and its per capita income is high. But this does not mean that the income of most people is that high. As a matter of fact most of the wealth created by the working people is occupied by the exploiting classes. The working people's standard of living is not high and many of them have difficulties. For example, the annual unemployment rate in the United States has remained at 8 million for several years. These people live in difficulties. A 2-year survey by 21 American experts indicates that about one-fourth of the 2 million children in New York do not have medical

insurance 60 percent of them live in families with difficulties. The U.S. Children's Fund has announced this year that 2,269 fatherless babies are born in the United States every day and 3,000 children have become divorce victims; most children do not look after their old parents, and old parents being maltreated is very common.

Some people only look at the good aspects and strong points of the United States and do not want to look at its shortcomings. Unwilling to find out about its real problems, these people have blind faith in the United States. But they only look at the shortcomings of the CPC in the course of practicing socialism; refusing to take account of its strong points, nature, and achievements, they have made a conclusion that neither the CPC nor socialism is good. This is quite unfair.

'Traditional Economics' Holds Back Economic Democracy

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[Article in column "Discussion of Questions of Socialist Economic Democracy" by Zhou Yujin 6650 2509 0093: "Thinking at a Deeper Level About the Realization of Economic Democracy—Further Reflection on Criticism of Traditional Economics"]

[Text] Editor's note: The core question in the reform of the political system is the establishment of socialist democratic politics so that China becomes a socialist society with a high degree of democracy and a high degree of civilization, but this is an historical process that is arduous and tortuous. Determining the superstructure from the economic foundation—starting from this basic principle of Marxism—in the building of the socialist system, economic democracy will be the foundation of political democracy. Therefore, we should now make an effort to build socialist economic democracy. Since the editorial department of this periodical published the announcement that it would select article from the "economic discussion meeting" (see GAIGE No 1, 1989), drafts of articles have poured in from various places. We have decided, beginning with this issue, to select from among them some papers and publish them in succession in the special column "Discussion of Questions of Economic Democracy." The date of the discussion meeting has not yet been finalized, and we welcome the continued contribution of article drafts from interested comrades.

With regard to the meaning of economics, the government is sentimentally attached to its position of controlling the public's economic life by issuing orders, which is a serious obstacle to the realization of economic democracy. A major drawback of traditional economics is precisely its view of value, which includes the advocacy of government: the government is far wiser than the public, and it can replace the public in many things. This causes traditional economics to completely reverse the relationship between the government and the public. Under the circumstances

in which the government is unconditionally in the dominant position and the public is in the position of being dominated, economic democracy will always be a fantasy. What makes people uneasy is that, up to today, we still do not soberly recognize this point.

A. Government: A Product Needed by the Public Or Something That Naturally Is in a Dominant Position Over the Public?

French economist (LeBarre) made the following statement: Government is not a divine force created by God; it is not an omnipresent and absolutely correct talent. Government is a human organization, and there is no difference between the people in it who make decisions and other people; they are neither better nor worse. Provided the government's role in the economy is limited, the abovementioned problems are of no importance. Conversely, once the government's role is to occupy the dominant position in the economy, these problems become major ones. Perhaps the statement by (LeBarre) contains the viewpoints of economic liberalism, with which we do not agree, but without a doubt we be enlightened by it.

In accordance with the strict viewpoints of economics, we reach this conclusion: the government is not like the public; enterprises and individuals are wise. This is not to say that the government does not have strong points that surpass those of the public, but is to say that the government has strong points that surpass those of the public, but even more has weak points that surpass those of the public. Going further we may say that the government and the public cannot replace each other. In modern economic life, the government has more and more become a product needed by the public: what it does are things that the public cannot do and is unwilling to do, but not things that the public can do and is willing to do. People perhaps do not find it difficult to discover that this conclusion contains the most important part of economic democracy.

The original spirit of Marxism shows that, for a more civilized, more democratic economy, it must be able to insure the full development of individual character—the enterprise and the individual—and not to put them in a position of being dominated and not constrain their individual character. The development of the individual character of the enterprise and the individual is most fully shown in their being ready and able to engage in activities. In this sense the public does not train the government to do what they can do and are willing to do. On the contrary, they need a government that does what they cannot do and what they are unwilling to do. From this we can reach an extremely important conclusion: in actual economic life, the relationship between the government and the public should be one that supplements, not replaces, each other. This is also the basic conclusion of this article.

Then, to put it in a nutshell, what are the things that the people can do and are willing to do? We think that they

are the pursuit of economic pursuits. The things that the enterprise and the individual can do and are willing to do, in essence, are activities in pursuit of interests. In this pursuit of interests, the enterprise and the individual strive to maximize their interests, and this is a kind of instinct. An explanation of this instinct goes like this: when the material means have not reached that degree of plenty in which each person can take what he needs to live and to improve the material conditions for living, the pursuit by the enterprise and the individual of economic interests cannot change. However, the pursuit of interests by the enterprise and the individual means that there is bound to be a conflict of interests between them. They need an impartial representative to coordinate the relationships between their interests. The government is this representative, and it decides, together with the enterprise and the individual, the main part of the economic behavior in pursuit of interests.

In another aspect, the pursuit of interests by the enterprise and the individual requires a stable and moderate external condition (environment). In economics this external condition must depend for its creation on getting capital gratis or subsidies from the government. For example, to maintain economic stability the government must invest funds in industries that make no (or tiny) profits and must put out funds as subsidies for vacant properties. In politics, this external condition likewise requires the government to change, and only the government can do this. For example, the armed forces and police, which uphold public order, need to have the government, in its status of representative of the public, to control them. In this respect, the government must pay an economic price to attain this objective.

We can now make the issues a little more specific: pursuing interests is an instinct of the public, and is something that the public can do and is willing to do. The public needs the government to create conditions for it in this respect, but it does not need the government to replace it in the direct pursuit of interests, no matter under what name or what form the government does so.

However, when the government is regarded in theory as wiser than the public, it directs a tragedy that has brought us endless trials: precisely at the time when the government took charge of things that the public could do and was willing to do, it got a dominant position vis-a-vis the public that it should not have got. This has often constituted an enormous force constraining economic democracy. What is regrettable is that to this day we have not yet analyzed the problem from this angle. This often causes our thinking about economic democracy to have the defect of being oversimple and superficial.

Traditional economics is precisely the theory that regards the government as far wiser than the public. This idea contained in traditional economics is manifested in circuitous forms and has not been deeply analyzed, making it very difficult for us to see clearly the essence of the problem. One clear point is that traditional economics defines the government as the owner, investor,

producer, and manager. As we see it, this economic status of owner, investor, producer, and manager, in the final analysis, is a status of pursuing economic interests. Without casting aside this status, or saying that the government cannot get this status, it will be impossible for the public to achieve the pursuit of its interests. Only when the public gets this status can it pursue interests—doing the things it can do and is willing to do. What makes people uneasy is that, because for a long time we have been under the atmosphere of traditional economics; it is very difficult for us to get out from under this atmosphere and gain a profound understanding of these problems. Up to now we still regard government ownership and government investment as perfectly justifiable. Why don't we thoroughly rethink the matter: in owning property and making investments, is the government, in the final analysis, wiser than the public or is the public a little wiser than the government? As we see it, the key question in the reform of the ownership system and the reform of the investment system is: can the government qualify to be an owner and investor? It is not hard for us to discover that there is a relationship between government ownership and investment on the one hand and the government's dominant position vis-a-vis the public on the other hand. It is also not hard to discover that in this relationship there is contained the force that constrains economic democracy.

Here, two points must be noted.

1. The things that the public can do and is willing to do are the things that the government should not do and also cannot do well. Because the government does things it should not do, and also does not do them well, the things that the public needs the government to do are also not done well by the government. Among some absurd practices there is one in which the government does things the public can do and is willing to do, but gives to the public to do the things that it should do itself (or gives part of them to the public). Therefore, there is formed between the government and the public relationship of distorted replacement.

2. To try to do well the things it should not do and also cannot do, the government often employs coercive measures for support: economic coercion plus political coercion. Economic democracy and economic civilization, economic modernization and political modernization, are usually throttled during this process.

B. Antagonism Between Government and Public—Pitfall for Economic Democracy

The economist (Owen Christopher) has said: The individual's private interests act as a motive force to liberate human behavior from the disdain of theology, and is a precondition for a free society and for free politics. Who can say that the true recognition of the individual's interests is not a premise and condition for economic democracy? However, in a certain sense, we make use of imposing forms to confine the individual person's interests and individual interests. Originally there was an

extreme judgement: the individual person's interests and the individual interests are bound to hinder the interests of others and the interests of society as a whole. We seem to have already forgotten: without the individual person's interests and the individual interests, the interests of society as a whole do not exist. This judgment was a negation of the individual person's interests and the individual interests, and was the basis for the concept of value in which the government replaced the enterprise and the individual in the pursuit of interests.

Among the people, each one has a different understanding of economic democracy. We think that, against China's specific economic and social background, the government and the public replace each other, or, to speak more precisely, the government takes over things that the public can do and is willing to do, constituting a fundamental suppression of economic democracy. In this process the government's pursuit of interests hinders the enterprise and the individual, in line with their own aspirations, from achieving the goals of their own interests, and this puts the government in mutual opposition with the enterprise and the individual. This antagonism of interests is a pitfall for economic democracy.

One of our specific views is: in actual economic life, the opposition in the goals of the government and the public is often caused by the fact that their goals tend to be the same, not different. Given that the goals tend to be the same, this is bound to lead to the government's replacing the public, causing an opposition of interests between them. In this opposition, the government employs coercive measures to readjust the relationship between itself and the public, consolidate its ruling position, and stifle economic democracy.

Here it is necessary to point out:

1. It may almost be affirmed that the opposition of interests is not only in itself economic opposition, but is also bound to cause political opposition. The result is: (a) there is a lack of mutual understanding and trust between the government and the public; and (b) the government forces a uniformity of the public's speech and behavior, and the public takes a negative approach to the government's position.

2. In the opposition of interests, the public's interests are damaged, and it loses the opportunity to take part in economics and politics. It is quite obvious that, after the government monopolizes the economic statuses of owner, investor, producer, and manager, it practically has a centralized lock on all rights. Any economic or political demand of the public can only be satisfied by getting the consent of the government, and the public basically loses the opportunity to take the initiative to participate in economics and politics. In actual economic life, the government occupies a position of issuing orders, making it difficult for the government to proceed from the public's original demands in formulating principles and policies. At this time the government only needs to plug up the loopholes in its coercion, and does

not need to get the people's understanding or the people's support based on this understanding. The result is that the price paid is the sacrifice of the satisfaction that the public should get.

3. The opposition between the government and the public makes the government unwilling to take the responsibility for its own actions, and objectively it loses the ability to take this responsibility. The concentration of arbitrary decisions is bound to cause willful policy decisions and entail a series of bad consequences, but the government often makes further arbitrary decisions in order to correct its own mistakes. In the process the government decides the public's fate, and the public does not have the right to choose its own destiny.

4. In the opposition between the government and the public, the government occupies the dominant controlling position, and from this position is formed an economy of rights that are vertical and that go from top to bottom. In the environment of this economy of rights, it is impossible to put economic democracy on a solid footing. Usually economic democracy is a grand but empty form without substantive content.

C. Further Reflections: Several New Conclusions

More wide-ranging and profound thought is needed to achieve economic democracy. Here we give the following conclusions:

1. No matter what the actual progress in China's reforms is, the reform of the traditional system of ownership is of decisive significance. The state's and the government's abandonment of their status as owner and the corresponding statuses of investor, producer, and manager, thereby no longer seeking interests and thus breaking free from their position in opposition to the public, is the necessary and systemic condition for achieving economic democracy. Generally speaking, it is very difficult for people to understand the significance of the reform of the system of ownership in achieving economic democracy. From its beginning the system of state ownership was a choice that was not very appropriate, because it then gets property and goes on to get interests, and the government does not do well the things that the public can do and is willing to do. That is to say, it is impossible for the state and the government to qualify as owners, and their monopoly of this status hinders economic democracy. Then, why don't we, through reform, make the government abandon this status? We think that the lack of thoroughness in the theory of ownership is bound to cause China's to move toward improvement, but this improvement is a true danger.

2. Traditional economics has provided an ethical view of economics that has not yet been overturned. It puts what the government wants to do in the forefront, and afterward arranges for the public to cooperate with the government in doing it. The government is not a product needed by the people; on the contrary, the public has become the tool of the government. This is really inconceivable. The government is the public's representative,

but only when it can reflect the public's demands can it really represent the public. The government in itself does not override the public's interests; if it does, the government becomes alienated. In economics, with regard to the public's demands, what the public wants to do should become the action chosen by the government and its starting point for determining goals, and not the other way around. Those practices that make dogma or religion of the public's interests, and afterward override the public, must be cast aside. We must establish the ethical view of economics in which the public is put in first place. This writer hopes that this view will not be regarded as that of economic liberalism. Our basis is our firm belief: the government is a product needed by the public, and the relationship between them is a mutually beneficial relationship.

3. A popular formulation for a period of time was that the government's functions must be transformed, which was too ambiguous. No matter whether it contains the intention to change government's functions or the intention to weaken the government's functions, in both cases it contains mistaken ingredients. The so-called government functions, in the final analysis, are the things that the government does that the public cannot do and is unwilling to do. If one also regards the things that the public can do and is willing to do as the government's functions, this would smack a little too much of pragmatism. Because the government does things that the public can do and is willing to do, it does not do well the things it should do and can do. Therefore, under the traditional system the government's functions are not strengthened but rather weakened. Here there clearly exists a relationship of replacement: the government's pursuit of interests—doing the things that the public can do and is willing to do—hinders the performance of its own functions—doing the things it should do and can do. This conclusion is fully supported by the facts: loss of balance in the economic structure, sharp economic fluctuations, lack of order, and damage to economic contracts—all these things are manifestations of the weakening of the government's functions. An appropriate formulation is: weaken the government's interests, strengthen the government's functions, and have the government abandon the things it should not do—the public's things—and do the things that it should do and only those things that it can do well.

4. To achieve economic democracy, we must make it possible for the individual—the enterprise and the individual person—reach an appropriate economic position. This requires a profound "revolution in status": we should form a mechanism that enables the individual, through hard work, to attain the position and status of owner, investor, producer, and manager. The premise is that the government abandon its monopoly of the above-mentioned status. Once the enterprise and the individual person universally attain this economic status, economic democracy will no longer be just a hope of the people, but will be a reality.

Workers' Role in Enterprises Emphasized

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[Article by Song Xianjun 1345 0341 0971: "Workers Are the Main Body of Socialist Enterprises—Supplementary Testimony to Comrade Jiang Yiwei's 5592 0001 5517 'Theory of Economic Democracy'"]

[Text] Ten years after China began its reform, at a critical moment when the planned commodity economic system was about to take shape, Comrade Jiang Yiwei brought up again and took the lead in conducting profound research on the issue of "economic democracy." This is of extremely important significance to changes in the structure of macroeconomic system and enterprise management system. This is also a higher-level new development of Comrade Jiang Yiwei's "Theory of Enterprise Standards." Although our party advocated "economic democracy" long time ago, we have never conducted serious theoretical studies not to mention applying it in basic systems. Unfortunately, people have ignored it in recent years, so I completely agree that we should carry out profound discussions on this issue.

Nevertheless, I think that although Comrade Jiang Yiwei's "Theory of Economic Democracy" is of great significance to the structural reform at the macroeconomic level, it serves at most as a kind of management system at the microeconomic level because it can resolve only issues concerning managerial methods and cannot find any solution to the internal motivation of enterprise vitality. Only by genuinely establishing the "theory of workers as the main body" and using it to construct enterprise system can we effectively resolve the issue of basic motivation for enterprise development and vitality. When the issue of "motivation" is resolved, corresponding managerial methods, means, and systems will be established and perfected automatically. If the issue of "motivation" remains unresolved, the democratic system will fail. As far as this issue is concerned, "the theory of economic democracy" and "the theory of workers as the main body" supplement and complement each other.

I. On Raising the "Theory of Workers as the Main Body"

Some people may say that "the theory of workers as the main body" is nothing new, that it was adopted when China established socialist system, and that it can even be traced as far back as Marx and Lenin. It is true that the theory that considers the people as the master of the state and society and the workers as the master of enterprise was brought up a long time ago. There is no need to prove this point. I would like to bring to your attention the following questions: China has practiced the system of public ownership for several decades, but in what way has the position of master of workers been reflected? In what way has such position been guaranteed? More importantly, to what degree has the spirit and role of master of workers been displayed? These questions have already been answered by bringing up

and carrying out the reform because China's reform was originally intended to build a new economic system around the question of how to increase enterprise vitality. In other words, before the reform we practiced the system of public ownership for 30 years, but we did not resolve the issue of the master of enterprise. This is reflected by the fact that workers lacked enthusiasm and enterprises lacked vitality.

When the reform first started, the theoretical and business circles both tried very hard to find basic solutions to the problem of enterprise vitality. Many plans brought definite success in practice, but there is still much to be desired when comparing to the expectation of the people and the level of vitality which enterprises should and can achieve. We have been carrying out the reform for 10 years. Less than 30 percent of enterprises are genuinely full of vitality; the majority of enterprises lack vitality or do not have it at all; and quite a few enterprises continue to suffer losses year after year (policy-incurred losses are a different story) and are on the verge of bankruptcy. People have reviewed and studied the cause for such opposite results of our expectation and have constantly made readjustments in practice, but the results have been unsatisfactory. What is the real cause? In my opinion, many people have missed precisely the study of motivation for enterprise vitality, and the design of many plans has also abandoned this point in reality. (Of course we cannot but be happy to see that a group of noted scholars represented by Comrade Jiang Yiwei have always paid full attention to the study of this issue.)

What is more noteworthy is that after implementing the contract and leasing systems in an all-round way for 2 years, although production has developed, the hired-hand mentality, the lost feeling, and unhappiness of workers have increased. Factory managers have been threatened or even killed in many cases, and the number of such cases is on the rise. What do these phenomena mean? Is this not worth pondering? Many people think that this is an issue of managerial method—namely that the democratic management of enterprises has been weakened or reduced to nothing. But I think that this is not a general management issue, but a basic issue of where to place the workers of our socialist enterprises.

According to Marxist viewpoint of historical materialism, people are the master of society and the basic motivational power to drive history forward. The CPC Central Committee also clearly pointed out in the "Decision on the Reform of Economic structure": "The source of enterprise vitality is the enthusiasm, wisdom, and creativity of mental and manual laborers." In numerous enterprise surveys and consultations conducted in recent years, I personally felt that many enterprise workers (including ordinary mental and operational workers) not only generally lacked enthusiasm and initiative for work but were unable to develop potential or to create. The crux of this problem is as mentioned above that after implementing reform plans such as the factory director responsibility system and the contract and leasing systems, we failed to properly handle the relations between

managers and workers and to adopt corresponding measures. Workers in general feel that their position as master has been shaken and that the purpose of labor is to fulfill the task of contractors and lease holders. We may say that except for a few enterprises, the relations between workers and managers in a considerable number of enterprises are bad or even very tense. This shows that once the master position of workers is threatened and shaken, it will be impossible for them to fully develop their enthusiasm, wisdom, and creativity, and enterprises as a whole will lack vitality. Therefore, in both theory and reality, the basic motivation of enterprise vitality can only be the enthusiasm and creativity of all workers. To increase enterprise vitality, we must first of all guarantee the position of master of workers. After carefully reading Comrade Jiang Yiwei's great works published in recent years, on the one hand I very much agreed with his basic viewpoints and wholeheartedly respected his knowledge and spirit. On the other hand, based on the above-mentioned understanding, I felt the need to take the liberty to point out clearly and expound further on the concept of "the theory of workers as the main body" although many of Comrade Jiang Yiwei's articles contain and reflect this viewpoint.

II. How To Guarantee the Master Position of Workers

Establishing and insuring the position of master, namely the position of main body, of workers is a major problem of reform. When this problem is solved, not only enterprise vitality will be guaranteed by basic motivation but many social problems and the predicament we are facing will be substantially alleviated. Then how can we guarantee the position of master of workers?

First, we should provide an economic guarantee. In theory, generally no one will negate the position of master of workers, but in practice, there is still no answer as to how to do this. In my opinion, economically guaranteeing the position of master of workers is the foundation for the survival and development of socialist politics, economy, and culture. It is the absolutely necessary internal condition of enterprise vitality as well as an important content and objective of the current ownership reform. Economic guarantee involves at least the following few important aspects: 1) workers must be the main body of property. In Chinese enterprises, especially state-owned enterprises, property relations have long been unclear and the main body of property has been absent. In other words, they are owned in name by the whole people, but in reality, they are nonexistent as far as workers are concerned. Because workers are not the de facto main body of property, all they are concerned about is the steady increase of their own wage income, not property responsibility and capital increase. In other words, profits and losses have no direct bearing on the interests of workers in state-owned enterprises, and the performance of work and the size of contributions have not much to do with wages. Since workers lack the self-restraining mechanism of property, their master position is not only difficult to establish and consolidate but also lack practical meaning. 2) Workers must be the

master of distribution. The meaning of the master of distribution here is similar to that of the two-level distribution based on the principle of "to each according to his work" Comrade Jiang Yiwei talked about. It does not mean that all wealth created by enterprise workers should be distributed for use among themselves without considering the needs of state and social development. Workers are the master of enterprises as well as a part of socialism. As the master they should first of all take up the task of state taxes and state asset appreciation, and as the actual owners of property, they should automatically assume all risks of property. Property appreciation is the same as profit which is created by the animated labor of workers. Workers should have major control over it and the right to choose the proper form of distribution. This will organically integrate the ownership of property and the sharing of income with workers. If we carry out further analysis of reform in this sense, our inevitable conclusion will be changing state-owned enterprises into share-holding enterprises with the state, enterprise collectives, and individual workers as shareholders. Because implementing the share-holding system is the only way to better integrate property responsibility and interest sharing with enterprises and workers. Once they become the main body of property and interest, workers will become of course interested in the survival and development of enterprise as the master would. 3) Workers must have the decision-making power in production and management. Workers are the main body of enterprise production and management activities and the actual owner of enterprise property, so they should naturally have the decision-making power in production and management. Workers participating in management and policymaking is an important manifestation and demand of the master position. This decision-making power is in essence an economic right and an extension of property ownership, not an administrative power. It does not conflict with the administrative and command power of plant directors and managers in production and management. On this point I deeply appreciate Comrade Jiang Yiwei's idea of dividing enterprise's management policy into three levels and drawing lines between different jurisdictions. But in some of our enterprises, especially leased enterprises, plant directors and managers ignore this right of workers and change their relationship to workers into one between masters and servants. As a result, workers will develop the hired-hand mentality which will affect the development of enthusiasm. Moreover, the "rebellious" mentality and behavior will also begin to affect the normal production and management activities of enterprises.

Second, we should provide a guarantee in the system of enterprise. Since workers are the masters of enterprise, they should of course exercise the right of master. Based on years of practice and experience of China, the system of workers' congress is a better form of democratic management that can reflect workers' position as the master. However, since the trade union is a mass organization, workers' democratic rights seems to come to an end when the workers' congress is not in session. In some

enterprises, workers' democratic right is totally controlled by plant directors and managers even when the workers' congress is in session. This is what many workers described—the trade union has become an "attendant" and the workers' congress is merely "decoration." To insure the democratic right of workers as the master, we must provide a basic guarantee in the system of enterprise. On this issue, I once proposed an enterprise leadership reform plan to "enhance the power of trade union, add permanent representatives, and restrict the conduct of plant directors and managers." In other words, plant directors and managers must be held responsible to all staff and workers. In shareholding enterprises, they should be held responsible to all shareholders and the board of directors. During the session of workers' congress (including shareholders' meeting, board meeting, and supervisors' meeting which is attended and organized mainly by workers), plant directors and managers should make work reports to the congress and major strategic policy decisions should be submitted to the congress to be discussed and adopted. During the period when the workers' congress is not in session, permanent representatives elected by workers through democratic processes should exercise the rights to restrict and address inquiries to plant directors and managers, and plant directors and managers should report to them on work progress and listen to their opinions and suggestions. The appointment and reappointment of plant directors and managers should not be decided solely by the government (more unfortunately, they are still being decided by the organizational department of the party). They should be decided by the workers' congress or permanent representatives' meeting (they should be decided jointly by the workers' congress and the board of directors in share-holding enterprises) and then submitted to the government for approval. The workers' congress and the permanent representative meeting also have the right to impeach incompetent plant directors and decide whether to elect another one from within or hire one from outside. In this way, workers will be able to exercise their democratic rights in the real capacity of master and to show concerns for the production and management of their own enterprise, thus giving full play to their enthusiasm and creativity.

Third, we should provide a guarantee in the state legal system. Providing a legal guarantee for workers' master position includes two aspects: 1) The state fundamental law—Constitution—the Civil Law, the highest law of enterprises—the Enterprise Law—and other laws including "the Bankruptcy Law" and "the Law of Shareholding Companies" must clearly define in all aspects the property relations, rights, position, duties, and responsibilities of workers. They should also state legal procedures for the violation of rights and bankruptcy and integrate them with the relations among and systems of the party, government, and workers of enterprises. Obviously some of the current legal standards should be further modified and supplemented. 2) The current rules and regulations of the workers' congress and the work procedures of plant directors should also be changed. In

my opinion, to guarantee the master position of workers, we must clearly state in legal terms that the workers' congress is the organ of highest power in enterprises. On this basis we should further clarify the relations between plant directors and managers and the trade union and draw up new work standards for plant directors and managers. In future enterprise leadership system, the relationship between the workers' congress and plant directors and managers should resemble that between the parliament and president in some Western countries. This enables plant directors and managers to voluntarily accept through the legal system the supervision and restriction of the workers' congress and permanent representatives, thus enabling workers and administrators and managers to really become an organic whole.

Fourth, we should provide a guarantee in the ideological and political work of enterprises. The master position of workers and the development of master spirit and role need to be guaranteed with powerful ideological and political work conducted by the party and youth league organizations of enterprises as well as by plant directors and managers. I think in the current stage the party's ideological and political work has the following functions in enterprises: 1) Providing a political guarantee for the master position of workers. Mental and manual laborers in an enterprise and plant directors and managers who are the representatives of legal persons should enjoy equal democratic political rights which must not be violated by any one. 2) Teaching workers how to respect and protect their master position. Since workers are the master of enterprise, they are also the master of the state and society. So it is only right for them to revitalize their enterprises and make it their own responsibility to make more contributions to the state and society. As the master, workers must assume the duties and responsibilities of enterprises to the state and never neglect their position as the master. 3) Encouraging workers to make suggestions and work hard for the survival and development of enterprises. To guarantee their master position, workers themselves must first be a good master and be worthy of the name of the master.

In sum, our reform, especially the enterprise reform, should be conscientiously carried out along the train of thought regarding the master position, spirit, and role of workers; the property and distribution relations in the economic system; the system of enterprise, especially the leadership system; the legal system of the state; and the ideological and political work. If we can do this, we will be able to resolve once and for all the problem of internal motivation for enterprise vitality. When the people are revived, the enterprise will be too.

III. An Analysis of "The Theory of Workers as the Main Body" Based on "The Theory of Economic Democracy"

As Comrade Jiang Yiwei pointed out, a basic concept of socialism is that workers are the main body of enterprise and that they are united on a free and equal basis, so they

must practice democratic management within the enterprise. We should say that it is fully justified to practice economic democracy in the enterprise based on the theory that workers are the main body of the enterprise. But in actual operations, we often have biased understandings. In recent years I have elaborated on the "theory of workers as the main body" and called for enhanced democratic management at meetings, in classrooms, on newspapers, and in consultative activities. Although many workers, audience, and enterprise leaders agreed with me, quite a few plant directors and managers still believed that overemphasizing workers' position as the main body could affect their authority and give rise to liberalism and anarchism. Some even thought that the relationship between plant directors and workers is one between employers and employees, set entrepreneurs and workers against each other, and ignored the master position and democratic rights of workers. In a recent discussion on the standards of productive forces, what made us worry even more was that enterprises emphasized only their economic targets and ignored the quality and awareness of their people. Therefore, I think there is a need to carry out further discussion of our subject in the viewpoint of management so as to clarify confusions and correct mistakes in practice.

Whether or not we should practice democratic management is by no means merely an issue of managerial methods. First of all, due to increasingly narrow division of labor and closer coordination, large-scale socialized modern production, which is based on joint labor, objectively demands that all enterprise workers be highly united, centralized, and unified and that every worker vigorously and voluntarily cooperate with others on their own posts and give full play to their own creativity. Stagnation or error in any link will affect the normal progress of production and management as a whole. Therefore, to ensure the order of production and management and to give full play to every worker's enthusiasm, initiative, and creativity, we must change the passive position and coercive management of workers under previous wage-labor condition and let them do their work and show concerns for the survival and development of enterprise as if they were the master. This will automatically bring to the agenda the democratic management method of "absorbing workers to take part in management and policymaking." No matter how people appraise the phenomenon of "workers participating in management" in the West, it is objectively suitable to large-scale socialized production. Judged from the angle of the science of management, it should also be included in the scope of democratic management.

Second, the rise of the behavioral science also demands from another angle that we practice democratic management. Essentially, the behavioral science is established on the basis of the main-body nature of human beings. The transition from "economic persons" to "social persons" and from "social persons" to "automatic persons" indicates a leap in the understanding of people in the

history of management thinkings. Because it has fundamentally changed the understanding of people, behavioral science has naturally replaced classic management theories and become the principal content of modern scientific management. In many Western countries, especially northern Europe, North America, and Japan, the labor-capital relations have become better and better every day in the past few decades. This must be attributed mainly to changes in worker's position and management. Marx believes that the complete liberation of people is the basic sign of liberation of productive forces. The liberation of people refers to the main-body nature and the all-round development of people. Here we need not comment on the position of Western workers and the essence of their labor-capital relations, but we can assure that today's workers are no longer exploited and enslaved as they were in the past, and that a new labor-capital relation is being formed. The higher labor productivity of today's capitalism should be attributed not only to advanced science and technology but more importantly to modern scientific management and better utilization of human potential. On this issue, we cannot but ask this question: If capitalist countries can achieve this, what kind of excuse do we socialist countries have for not fully respecting, liberating, and displaying the vigorous roles of people? We need to point out that I have no intention here to belittle plant directors and managers, nor do I deny the special role of entrepreneurs in the commodity economy. Instead, I think that to an outstanding entrepreneur, what is important is not what he personally has, but what he can give to the enterprise and what he can do with the enterprise. Only when our plant directors and managers can make workers vigorously and voluntarily display their talents can they create higher productivity and earn greater profits for their enterprises. Only by so doing are they worth the name of outstanding entrepreneurs.

This shows that the practice of economic democracy in enterprises is determined by the main-body nature of workers as well as a manifestation and demand of basic socialist system in enterprise organizations. However, we must be realistic and notice that as the important content of economic democracy, democratic management is also an objective demand of large-scale socialized production and human behavior patterns. In either case, we must establish and perfect the democratic management system. Enhancing the economic democracy of enterprise, especially in the current stage, is not only an urgent need for ensuring worker's master position and developing worker's master spirit and role but at the same time of extremely great significance to building socialist political democracy.

PROVINCIAL

Sichuan Leads in Rural, Urban Markets

OW1410225489 Beijing XINHUA in English
1445 GMT 14 Oct 89

[Text] Chengdu, October 14 (XINHUA)—By the end of June, Sichuan had over 7,109 regular markets—the most of any region in the country.

Some 1,000 are large ones, with over 10 thousand visitors each day. Unusual markets include the rabbit fur market in Shizhu County, the children's wear market in Pixian County and the regular traditional medicine fair in Chengdu, capital of Sichuan.

Brought back to life in 1979, these markets have become important channels for everyday consumer goods. A recent sample showed that 70 percent to 92 percent of the meat, eggs, fish, fruits and vegetables consumed by city people in the province were purchased at these markets.

The latest statistics show that the trading volume of these markets last year hit 12.68 billion yuan (about \$0.29 billion)—a five-fold increase over the figure 8 years ago.

Each year, the state earns 450 million yuan in taxes from these sources.

FINANCE, BANKING

Corruption in Financial Sector Discussed

40060717a Beijing JINRONG SHIBAO in Chinese
5, 8 Aug 89

[Article by staff reporter Wang Jizhou 3769 3444 3166: "Guard Against 'Internal Thieves'—On the Anticorruption Struggle in the Financial System (Part 1)]

[5 Aug 89 p 1]

[Text] Economic crimes of all kinds in the nation's financial system have been on the rise since 1985, and the situation became quite serious during the latter half of the past year and the first half of this year. According to statistics of the Control Bureau of the People's Bank of China, 447 economic cases, each involving 2,000 yuan or more, were filed for investigation and prosecution by China's financial system in the first quarter of this year, including 230 major cases each involving 10,000 yuan or more and 6 extraordinarily serious cases involving 1 million yuan or more each and 26 million yuan in total. The number of cases in each category increased by 70 percent, 100 percent, and 50 percent respectively over the same period last year, marking the second peak in economic crimes since 1984.

Characteristics of Criminal Activities in the Finance System

The following are characteristic of crimes committed by offenders within the financial system, as shown by a great deal of case information provided by departments concerned.

Compared with the more primitive ways financial crimes were committed in the past, such as embezzlement and graft, criminal activities are now more concealed and more difficult to be discovered. In order to obtain funds illegally from banks, some lawless elements and dishonest enterprises do not hesitate to bribe workers in the financial system with large sums of money and expensive gifts, sometimes as much as several hundred thousand yuan. According to statistics of the past few years, bribery cases accounted for more than 20 percent of the major economic cases each year. This kind of criminal activity is usually carried out secretly by two or three persons, partners in crime who have in most cases agreed not to give each other away. Cases are thus made more difficult to discover, investigate, and prosecute.

Some criminals take advantage of the special character of certain banking operations to carry out criminal activities, like embezzlement of funds from affiliated banks which has occurred in more than 200 cases since 1985. Teng Wengao [3326 2429 7559], formerly a book-keeper of the Agricultural Bank's Chengnan office in Shaoyang Prefecture, Hunan Province, in collaboration with Xiong Guiqing [3574 2710 0615], a worker in the local Industrial Bank, secretly copied confidential bank messages, forged money orders with vouchers, seals, and other instruments under his control, and embezzled a total of 1.12 million yuan from affiliated bank funds on four occasions in Zhejiang, Henan, Guizhou, and Hunan provinces during the third quarter of 1987, and they subsequently drew out 995,000 yuan in cash. Given the imperfect settlement system and the rather backward means of settlement at present, this kind of surreptitious activities are easy to succeed and hard to discern.

Another new trend in criminal activities is the increasing use of technological means. In the past few years, the financial system has relied more and more on computers to expand its operations, and many criminals have shifted their attention to this new tool. According to statistics, since July 1987, eight cases of economic crimes involving a total of 1.5 million yuan have been committed by bank employees with the use of microcomputers. Taking advantage of some leading cadres' technological ignorance and bureaucratic style, it is very easy for these people to embezzle bank funds by forging payment and deposit vouchers, altering balance sheets to steal deposits and interests, using microcomputers to transfer funds from one account to another, and so forth.

Some criminals take advantage of the time it takes to transfer funds from one place to another and loopholes in the account settlement process to divert or intercept funds being transferred by withholding or juggling the settlement papers, so that they can make the funds

available for use by "people with special connections" or their relatives and friends and make a large profit for themselves. For example, three employees of the Xintang office of the Construction Bank in Zengcheng County, Guangdong Province, diverted 184 such funds totaling 12.6 million yuan in this manner.

The Thought-Provoking Class Status of Criminals

People have noticed that the number of cases occurring in bank branches at and above the county level and involving leading cadres and cadres who are party members has clearly increased in recent years. For example, Lu Yanmei, former assistant manager of the Heping Road Sub-branch of the Shenzhen Branch of the Bank of China and Communist Party member (now expelled), diverted 10.26 million yuan from the bank's credit funds in the past year alone and received 60,000 yuan in graft directly from the process. Thus she turned herself from a "March 8 red banner winner" and "outstanding Communist Party member" into a despicable criminal. Ten cadres of bank branches at the county and higher levels in Hunan Province committed economic crimes in the past year, nearly the total number in the previous 3 years. According to statistics, of the 1,064 criminals in the financial system in Hunan investigated and prosecuted in the past 4 years, 238, or 22.3 percent, are party members. These people's criminal behavior has directly damaged the party's image and is utterly detested by the masses.

Although the criminals within the financial system are small in number, the damage they cause is very great. Economically, their criminal activities have aggravated the shortage in production funds in some areas and enterprises. For example, in one case alone in a province in 1987, 10 million yuan was stolen out of urgently needed industrial and agricultural production funds. In the last year, an employee of the Xian Branch of the Bank of China received a bribe of 250,000 yuan renminbi and allowed a Hong Kong business to use \$1.07 million of the bank's foreign trade funds for 90 days, causing a great loss to the bank. Politically, these criminal activities have not only tarnished the party's image and the banks' reputation but made it impossible to implement the party's policies. For example, some degenerate cadres of banks and credit cooperatives under the Agricultural Bank in Bachu County, Xinjiang, have embezzled nearly 1 million yuan from poverty-relief funds in the past 2 years, causing great difficulties to local poverty-relief work.

[8 Aug 89 p 1]

[Text] Economic crimes rarely occurred and conditions remained relatively stable within the financial system during the revolutionary years, the period following the founding of New China, and even the decade of upheaval of the "cultural revolution." So some comrades simply felt that the current crime problem is caused by the objective environment of the reforms, the opening to the outside world, and the development of a socialist commodity economy. However, people have to look at the facts. Economic crimes are not so rampant in the financial system in big cities with a more developed

commodity economy and banking industry and greater success in reform and opening to the outside world. In Shanghai, no more than 10 cases occurred in 1987. The number of cases increased in the last 2 years, but was still below 20 in 1988. The average number of cases per year has remained under 15 in Beijing in recent years, and even smaller, just 3 to 5 cases, in Tianjin. It is in the economically less developed and the not so widely open provinces and regions, like Hunan, Inner Mongolia, and so on, that the crime rate has remained quite high and that major cases involving hundreds of thousands, millions, and even tens of millions of yuan have occurred repeatedly. This can at least show that the major cause of corruption and crime does not lie in the policies of reform and opening to the outside world. What, then, is the source of the problem?

Weakened Ideological-Political Work Cause of Great Harm

Many comrades the writer has met as a reporter point out that many factors contribute to the occurrence of corruption and crime, but the major cause is that we have slackened ideological and political education in the financial system in recent years. New developments and problems in the ideological and political status of workers and staff members are not sufficiently and effectively analyzed, studied, and solved, in some cases even allowed to go unchecked, opening the way for unhealthy trends and evil practices to grow. For example, the workers and staff members of the Guangchang office of the Industrial Bank in Shaoyang City, Hunan Province, became ideologically misguided and lax in discipline during 1985 and 1986. Thirty-one of its employees took part in gambling activities, but the leadership looked the other way. As a result, 14 employees committed economic crimes in 1 year alone. In the past few years, specialized banks and nonbanking financial institutions have been restored and established one after another, and the number of workers and staff members has quickly increased from 600,000 to 2 million. Among the new employees, only a small minority have received formal ideological and professional training, and the great majority are recruited from other economic departments and society at large. Old personnel are replaced by new ones rather hastily. Some bank branches and offices at the grassroots level are run by father-and-son teams or even families. Some employees are professionally incompetent and ideologically and politically weak to begin with. In a climate of loose ideological and political education, a small number among them are unable to resist corruption and gradually turn themselves into criminals. An investigation shows that in the past 4 years, newly hired personnel accounted for more than 85 percent of the total number of bank employees involved in criminal cases.

Another important cause is that there are weak links in the financial system's growing ranks of cadres. With the rapid expansion of banks and other financial institutions, large numbers of cadres are being promoted from ordinary jobs to leading positions. These cadres are fairly

well qualified in professional competence and leadership, but some of them lack knowledge and experience in administrative work including ideological education of workers and staff members. This explains why discipline and regulations are not observed and cannot be enforced in some units. Especially the failure of a small number of leading cadres to set an example in maintaining the integrity of government has objectively encouraged the spreading of corruption.

Pressing Need To Improve Financial Laws and Regulations and Strengthen Enforcement

The lack of progress in the building of a supervisory force for the financial system has also adversely affected the struggle against corruption. Between 1985 and early 1988, the financial system gradually developed an 18,000-strong discipline inspection force, which played an important role in checking law and discipline violations, punishing corrupt personnel, and setting strict demands for party members and bank employees. After the 13th CPC National Party Congress, based on the principle of separating party from government, the discipline inspection organs at various levels were abolished, and new supervisory departments were set up. However, in the changeover from one system to the other, some problems have occurred. For example, in the assignment of leading cadres, the former discipline inspection group leaders were usually assumed by assistant bank managers or higher-ranking cadres, but now the qualifications have been lowered, and some highly experienced cadres are transferred elsewhere. Owing to problems in thinking and understanding, many professional banking cadres, on their present jobs or expecting to be transferred, do not want to play this new type of supervisory role, which is not only difficult but bound to make "enemies." Some bank leaders even regard these supervisory positions as superfluous and have them filled by some old, feeble, and sick personnel. So far, financial supervisory organs have been set up in most parts of the country, but they are understaffed with a total strength of less than 10,000. The supervisory task has its own characteristics and is different in many ways from discipline inspection work. A relatively mature and comprehensive set of experiences and practices are still lacking, giving the criminals little to fear about and indirectly contributing to the sharp rise in financial crime since the beginning of this year.

Also lacking is a set of sound financial laws, rules, and regulations, a fact which can be easily exploited by criminals. We still do not have a set of comprehensive and strict preventive systems to keep pace with the increasing use of electronic equipment. With growing numbers of bank employees, we need to further improve and implement rules and regulations governing the evaluation, selection, appointment, and removal of cadres, workers, and staff members. A practical and effective system is needed to safeguard cash management, capital settlement, and other links of bank operations. All this urgently await to be explored, practiced, and perfected.

A responsible comrade has said that the struggle against corruption in the financial system should be focused on the problem of graft and bribery. The situation of the anticorruption struggle faced by the financial system is grim, and the tasks are arduous. As the struggle of the whole party against corruption is developing in depth, the cadres, workers, and staff members of the financial system should give the people a satisfactory answer with concrete actions. (Part 2)

CONSTRUCTION

Shanghai Residential Construction Complete

OW131020JBR9 Beijing XINHUA in English
0907 GMT 13 Oct 89

[Text] Shanghai, October 13 (XINHUA)—Construction of a residential area that can house some 50,000 people has been completed in Shanghai after 10 years' work.

The Quyang Village, 5 km from the center of the city, covers 60 ha and accommodates 13,695 apartments.

Buildings vary in style, ranging from six stories to more than 20 stories. They are surrounded by trees and lawns.

Auxiliary buildings include a large department store, a cultural center, a hospital with more than 200 beds, six primary and high schools, five kindergartens and six nurseries. The area is served by five bus routes.

All the buildings are occupied except two, which have just been finished.

The village is one of the 51 residential areas in the city's building program. About ten of them have been finished. The others are being built.

FOREIGN TRADE, INVESTMENT

Changing Role in Asian-Pacific Economic Cooperation

#0060722a Beijing SHIJIE JINGJI [WORLD ECONOMY] in Chinese No 7, 10 Jul 89 pp 15-22

[Article by Gu Yuanyang 6253 3293 3152 of the Institute of World Economy and Politics, Chinese Academy of Social Sciences]

[Excerpt] [Passage omitted] China is a large country of the Asian-Pacific region and at the same time a developing country. During the past 40 years, its economic development has had its ups and downs. There has been experience gained and lessons learned. Nevertheless, the main trend has been good. Especially since 1978, when we implemented economic reform and the opening to the outside world, we have been formulating long-term plans and development strategy for greater social and economic growth—plans and strategy which were based on our facing up to the fundamental conditions of the country and the international environment.

Judging from the growth and practices that have gone on during our 10 years of economic reform and the opening to the outside world, a historic turning point has occurred in China's economic life. Economic trade with the outside world is becoming increasingly more active and mutual relations between domestic and international markets are becoming closer each day. China is thus bidding farewell to a long history of isolation and semi-isolation.

Without doubt, along with the full implementation of reform and the opening to the outside world and along with the continuous expansion of the economy, China's position in the economic world of the Asian-Pacific region will become even stronger and its role will gradually increase. First, China's portion of the world GNP will probably gradually increase so that the eighth place it occupied in 1980 will by the year 2000 probably rise to sixth or fifth. Second, the strength and prosperity of China's economy is bound to accelerate the shift to the East of the world economic focus and give impetus to achieving substantive progress in Asian-Pacific economic cooperation. Third, synchronized, coordinated expansion of industry and trade will gradually enable China to transform what people regard as a "latent market" to a market of real significance, thus providing even more export opportunities to countries in the region. Finally, the expansion of China's industrialization and superiority of its export products mix will undoubtedly further strengthen the complimentary economic trade ties between countries of the region, promote the establishment of a more rational system of international production and division of labor and gradually break the long-existing "Y-pattern" (yanshi moxing 7159 1709 2875 0992) associated with the vertical division of labor.

Today's world is an interdependent entity. Economic activity is becoming more internationalized each day. And no country's development is inseparable from self-reliance or international cooperation. The North-South dialogue and cooperation have become one of the major issues in the life of the world economy. Thus, we have given top priority to carrying out our own economic political reform and to strengthening economic cooperation abroad.

In common with other countries of the Asian-Pacific region, we cherish an intense desire to bolster the region's economic growth and cooperation, and we will not shirk our responsibility in this regard. Currently, a considerable portion of China's foreign trade and technological exchanges are carried out within the region. Approximately 80 percent of our foreign investment comes from the region, especially from the United States, Japan, and Hong Kong. What is even more significant is that in November 1986 China attended the Pacific Economic Cooperation Conference (PECC) as a formal member and then in June 1987 announced the establishment of the National Committee for China-Pacific Economic Cooperation. This action made clear that, as a member of the Asian-Pacific region, China is

vigorously supporting and taking part in economic cooperation organizations organized by regional countries with differing social and ideological systems and that China is willing to work hard to promote the common development and prosperity of the region's economy.

However, in considering another aspect, we also clearly understand that the regional economic cooperation system established in the Asian-Pacific region and jointly participated in by the "three worlds" is still only an attempt that has not been tried before. Therefore, its establishment, development and final form must undergo a long process of harmonizing and resolving various differences and conflicts of interest. We think that the most crucial factor in speeding up the process and achieving real progress is the establishment and formulation of the principles on which to base a regional economic cooperation system. With this in mind, we would like to set forth the following views and tentative ideas:

1. The establishment of an Asian-Pacific regional economic cooperation system must respect the five principles of peaceful coexistence. Maintaining peace and stability in the region is a basic condition for sustaining regional economic growth and broad economic cooperation.

2. We must adopt effective measures for establishing a new international economic order. During the past decade, the region has achieved spectacular success in various economic areas. Moreover, these economic achievements were attained basically in the face of great difficulty and under unfavorable conditions created by the old international economic order. We would be hard put to say that North-South relations in the region have been totally harmonious in the wake of economic growth and that a picture of "co-prosperity" has been created. On the contrary, disparities between North and South are rife in the areas of production, marketing, and technology. Most of the economic and technological gaps between the developing countries and developed countries of the region are not narrowing but widening. If this situation continues, it will inevitably affect the economic growth and cooperation in the region as well as the formation of a regional economic cooperation system. We therefore think that developed countries in the region when undertaking any regional economic activity must, in conformity with the principles of the new international economic order, respect the sovereignty of the developing countries and safeguard their unity, cooperation, stability, and development. These developed countries should eliminate policies of trade protectionism and discrimination, open up their markets to developing countries even more, and through capital flow and technology transfer, assist developing countries in the region in promoting economic growth and development and in carrying out economic changes in order to promote the full development of their industrial structure, without however increasing their dependency.

3. Each side taking part in the activities of the Asian-Pacific regional economic cooperation system should respect each other politically, exercise equality and

mutual benefit economically, be willing to understand and respect each other, and show consideration for the other side's needs and interests.

4. In the process of constantly perfecting the regional economic cooperation system, we should energetically promote cooperation between the developing countries of the region, namely, North-South cooperation, and properly deal with and coordinate "large circle" and "small circle" relationships in economic cooperation. We think the formation of an Asian-Pacific economic cooperation system should strengthen the region's existing bilateral and multilateral cooperative relations, thus enabling regional and subregional cooperative organizations to help each other, to synchronize their growth, and to preclude formation of mutually exclusive relationships.

5. The present international political and economic situation would probably not again tolerate any country or region becoming the sole "center" of the world. The Asian-Pacific economic cooperation system therefore should work hard to expand cooperative relations with countries and economic groups outside the region, should avoid exclusiveness, and should make every effort to promote intraregional and inter-regional cooperation.

TRANSPORTATION

Adverse Weather Affects Shanghai Shipbuilding Operations

90ND0050A Beijing JIANCHUAN ZHISHI [NAVAL AND MERCHANT SHIPS] in Chinese
No 7, 8 Jul 89 pp 8-9

[Article by Pu Xi 3184 3303]

[Text] The shipbuilding industry and the construction industry have in common that a considerable portion of their work is done outdoors. Generally, it takes from 8 to 12 months to build a ship. More than three-quarters of this time is spent working outdoors. Inclement weather such as severe cold, extreme heat, strong winds, rain storms, freezes, and heavy fog can all directly affect the progress and the quality of work. If preventive measures are not taken, production accidents of all kinds can easily occur.

Shanghai is one of the most important bases of China's shipbuilding industry. There are more than 20 shipyards scattered along both sides of the Huangpu River. These include the four large Jiangnan, Hudong, Shanghai, and Chonghua shipyards, which have the capacity to build ships of 10,000 tons or greater. The annual shipbuilding output of these yards constitute approximately half of China's total output. It would be useful, therefore, to have a good understanding of Shanghai's climate and its effect on shipbuilding to be able to take appropriate measures for shortening building time, improving workmanship, bettering working conditions, and reducing work-related injuries.

Shanghai is located on the shores of the East China Sea at latitude 31 degrees 14 minutes north, and longitude 121 degrees 21 minutes east. It is bordered on the north by the Chang Jiang and on the south by the Bay of Hangzhou. According to meteorologists, it is on the southern edge of the northern subtropical zone and is dominated by the East Asian monsoon. Influenced by alternating cold and warm air, it has four distinct seasons. Winter and summer are long, 132 and 94 days, respectively, and spring and fall are short, 79 and 60 days, respectively. The average temperature throughout the year is 15.7 degrees Celsius. The coldest temperature in January averages 3.5 degrees, and July's hottest temperature averages 27.8 degrees. The highest recorded temperature was 40.2 degrees, and the lowest minus 12.1 degrees. There is an average 132 days a year with precipitation and an annual rainfall of 1,123.7 millimeters.

Those who have researched the relationship between frequency of accidents and seasonal changes have discovered that, during months of high temperatures and high humidity, not only does the rate of production drop, but the frequency of accidents is higher as well. During July and August in the Shanghai region, temperature and humidity reach their peaks. During this same time, the frequency of accidents is also at its highest. The reason for this is that, when temperatures rise and humidity increases, there is reduced evaporation of perspiration from the skin surface. This causes discomfort and even exhaustion and dizziness. Reflexes slow, the ability to perform decreases, and mistakes are made. Thus, the possibility of having an accident increases. In addition, when it is cold thick clothing is worn for protection. This increases the consumption of body heat and at the same time affects arm and leg flexibility, making it difficult to accomplish the job. Also, if the clothing is thin, a person can become weak, frostbite can set in, and he will not even be able to work. Generally, it is comfortable to do physical labor when the temperature is between 17 and 23 degrees Celsius; the frequency of accidents is also lowest in this range of temperatures.

Generally speaking, the Shanghai climate is favorable to shipbuilding. Nevertheless, some influences of adverse weather are quite large. Normally, 7 months out of the year are considered the "golden season," that is, March through June and September through November. The five most unfavorable months for shipbuilding are July and August and December through February. According to statistics from one shipyard, during the cold season of December, January, and February, labor productivity is only 70-80 percent of that of the "golden season." Furthermore, during the hot season of July and August, the drop in labor productivity is somewhat greater and more accidents also occur during these two months.

Below, we will discuss the effects of adverse weather on shipbuilding and measures that should be taken to counteract them.

From November through March, Shanghai can expect to be hit by cold waves. In most years, the first one arrives

in the last 10 days of the month. While the cold front is passing through, there often are piercingly cold, strong north winds, generally with a wind velocity of 6-8 points. Sometimes they can be as strong as 10 and last from 1 to 3 days. Following the strong winds, the temperature drops rapidly, producing severe cold and freezing weather. The coldest temperatures generally are minus 5-7 degrees Celsius and can drop to minus 8-10 degrees during years of severe cold waves.

How can we protect against the onslaught of cold waves and ensure safe production during the winter? First, prior to a cold wave, we must winterproof and freezeproof the equipment. We must conscientiously see to it that "not one person, not one piece of equipment, not one pipe, and not one means of transportation is harmed by the freeze." Construction departments must promptly finish work on the workshops for wind and rain, and it would be best if outdoor work places such as platforms and decks had protection against the wind. In addition, we must conscientiously protect against such things as fire, explosions, and poisonous gases.

From the middle to the last part of June marks the arrival of the "plum rain" season in Shanghai. During this time, there is a southeast wind, the temperature rises, and the humidity increases. During the last 10 days of June the temperature can go above 35 degrees Celsius, and the average relative humidity is 84 percent. Because of the high temperatures and humidity, materials mildew easily. That is why this is called the "mildew season."

Shanghai's "plum rains" generally begin on 16 June and end on 6 July, lasting 21 days. To ensure safe production during this time, every department must conscientiously work to protect against rain, dampness, mildew, and lightning strikes. Things such as machinery, electrical equipment, and electrical welding machines that are located in low-lying areas of wharves, warehouses, or workshops must be elevated on pads or made safe by other means to prevent them from getting wet and causing accidents. Various materials, instruments, and other valuable objects must be carefully stored to protect against rain, dampness, mildew, and corrosion. Buildings, equipment, installations, hazardous materials warehouses, oil depot areas, and other such locations easily subject to lightning strikes must be equipped with regulation lightning arresters, and they must be inspected according to a schedule. During thunderstorms or winds with a force level of six or above, outdoor cranes should stop work and their power supply turned off to prevent the crane from moving. Before the plum season rains arrive, we must carry out an extensive examination of how everyone uses electricity and promptly take action on the problems that surface and eliminate any hidden trouble.

Each year when summer turns to fall is the season when Shanghai is most influenced by typhoons. Typhoons affecting Shanghai have occurred as early as the last 10 days of May and as late as the last 10 days of October. However, they occur mainly from mid-July to the last 10

days of September. On average, two typhoons a year affect Shanghai. Five to seven have been the most in one year. The strong winds, torrential rains, and high tides that typhoons bring often create calamity for industrial and farm production and for communications and transport.

To conscientiously improve protection against typhoons and flood control work, factories must set up special, full-time teams and strengthen unified leadership. We must inspect and renovate flood control facilities. We cannot permit these facilities to be dismantled without authorization nor used for other purposes. In order to avoid collisions and damage from waves, ships and boats moored to the wharves must be evacuated and their moorings strengthened in accordance with regulations of the harbor superintendency administration. We must strengthen safety measures concerning outdoor cranes and chimneys. Especially high cranes and gantry cranes must have devices to keep them stationary in order to prevent sudden high winds from moving them and damaging equipment or injuring someone. In addition, the safety measures taken during the plum rains are equally suitable for the typhoon season. At the same time, during the period of typhoon protection and flood control, factories must bolster their work force as well as allocate the necessary emergency lighting, means of transportation, and harbor tugs to be ready for use in case of emergency.

Each year from mid-July to mid-August when the Shanghai area is in the subtropical high pressure system, the weather is sweltering. This is the hottest part of midsummer. During the dog days of middle and late July, the intense summer temperatures can go as high as 35 degrees Celsius. Most years it lasts for less than 5 days. But some years it can last 10 days or more, even longer than the time of intense heat that can occur in early fall.

The two main sources of high air temperatures and heat radiation that affect outdoor work in the summer are strong solar radiation and the resulting heat radiating from the earth's surface. When a person engages in physical labor under conditions of high temperatures and heat radiation, he can perspire 6-8 liters a day. If a person does not promptly replenish this liquid, he will suffer severe dehydration, productivity will drop, and exhaustion, weakness, thirst, rapid pulse, and increased body temperature will set in.

To effectively protect against hot weather, the temperature must be lowered. If we are to ensure production safety during the summer, we must make appropriate adjustments in rest periods and reduce the length of work periods. If we are to reform technological processes and improve production facilities and methods of operation, we must as much as possible "accomplish outdoor work inside, expand the size of small rooms, do high work on the ground, and isolate sources of high temperatures." Depending on the circumstances, awnings or shed roofs that protect from the sun can be used in outdoor operations such as work done on platforms or decks, as well as in relatively low-lying and poorly

ventilated workshops. We must strengthen our management of gas cylinders and other high-pressure containers and hazardous chemical materials to prevent the occurrence of fires and explosions. The general administration and logistics departments must properly arrange living conditions for staff members and workers, seeing to it that the food and drink in their dining halls is healthy, that medical personnel properly carry out the prevention and cure of summer diseases and other common diseases, and that mobile medical teams are organized for the ships and for the outfitting docks.

Shanghai is a large industrial city where the fine dust content of the air is great, making it easy for fog to occur. It is a city where there are large number of foggy days. On average it has 43.1 days of fog throughout the year. During the year, foggy days are concentrated in two periods. The first is in the fall and winter, October-December, when each month averages 5-6 days of fog, with the foggiest months getting 10-14 days of fog. The second is in the spring, March-May, when each month averages about 4 days of fog, with the foggiest month getting 8-10 days of fog.

Fall and winter fog is mostly radiation fog, mainly the result of nighttime radiation cooling, which causes the ground layer of air to reach saturation and condense into fog. It usually happens in the latter half of the night until about sunrise. Spring is affected by warm, moist air currents, which make it easy for fog to form. Sometimes it can last until afternoon, and sometimes it may last for more than 70 hours.

Whenever fog occurs, the field of vision is constrained. People often cannot clearly see surrounding objects. This hinders land and water traffic and often can cause accidents. As a result, vehicles should reduce their speed, crane operations must cease, and shipping must respect the rules for navigating in the fog. When necessary, ships must drop anchor and suspend navigation, and to avoid collision, they must sound their foghorns to warn other ships.

AGRICULTURE

Statistics of Grain Commodity Circulation

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[Text] Chapter XI. Statistics on the Circulation of Commodity Grain

Statistics on the commodity circulation of grain are both statistics specific to units, and are also indispensable important integral parts of national economic statistics. Following liberation, in order to gain an immediate understanding of the status of grain procurement, sales, and storage, CPC committees and government at all

levels kept close watch on changes in the grain situation, studied and decided grain plans and policies, and paid extraordinary attention to statistics about grain commodity circulation. Thus, grain departments gradually perfected statistical organizations and trained large numbers of statisticians, establishing and perfecting a statistical system. The broad masses of grain statisticians did their work carefully and conscientiously, providing leaders and departments concerned at all levels with large amounts of statistical data and survey and analysis materials, which substantially satisfied the requirements of all, and which played an important role in leading organizations' study of grain policy decisions.

Section I. Establishment and Development of Statistics on the Flow of Commodity Grain

I. The Establishment of Grain Statistics

Following founding of the new China and before the founding of the Ministry of Grain in September 1952, the country's statistical work on grain was conducted by both the Grain Administration in the Ministry of Finance, and the China Grain Company under jurisdiction of the Ministry of Trade, each of which prescribed separate statistical reporting forms and reporting methods. At that time, five different economic components existed at the same time, and there were multiple channels of circulation in China's grain markets. The Grain Administration emphasized statistics on the collection, disbursement, and storage of agricultural taxes paid in grain. The Chinese Grain Company emphasized statistics on state grain procurement, sales, allocations among provinces and municipalities, supplies for export, grain processing, and commodity grain storage. Additionally, it also kept some statistics and did some analysis of grain commodity circulation through other circulation channels, which it provided to leading departments for reference in understanding and studying the grain situation in society and the market situation.

Following founding of the Ministry of Grain, a plans and statistics department was set up in the ministry. Grain organizations in all jurisdictions also continued to merge, and grain departments at all levels above the province also set up plans and statistics organizations. In order for statistical reporting not to be adversely affected during the period of organizational mergers, and in order to prepare for unified statistical work on grain throughout the country, in October 1952 the Ministry of Grain issued "Provisional Regulations for a Statistical System in the Ministry of Grain of the Central People's Government," to be carried out as a transitional measure.

In January 1953, the Ministry of Grain convened the First All-China Conference on Grain Statistics. This conference issued for implementation the State Council's "Decisions on Staffing of Statistical Organs to Strengthen Statistical Work" of 7 July of the same year. Minister Zhang Naiqi [4545 0035 0892] said at the conference: "The statistical work of grain departments is a part of the statistical work of the entire country." "In

all future professional work, including formulation of plans, checking of plans, revision of plans, as well as administration, allocations and transfers, statistics will be relied upon." "Statistical work has to be accurate, timely, and complete. All are indispensable." "The accuracy of statistics depends mostly on seriousness in enforcing regulations. A single inaccurate figure can cause all figures to lose accuracy." "If statistics are not timely, they will not be accurate in time; therefore, time constraints must be met." "Completeness of statistics requires a uniform system, first of all. Without a uniform system, uniform statistics cannot be derived, and achievement of unified national plans may be hampered." Following study and discussion, the conference unified its understanding, spelled out tasks, and decided on the principles for statistical work, meaning, the conference studied Marxist statistics, combined them with practice in China's grain statistics work, and proceeded from needs in grain work to establish little by little completely scientific grain statistics work. Acting in the spirit of this conference, in February 1953 the Ministry of Grain issued "National Grain Organizations Statistical Reporting Form System," and Instructions on Improving Statistical Work, Diligently Implementing the Statistical System" to all provinces, autonomous regions, and municipalities under direct central government jurisdiction. It called upon comrades in positions of authority at all levels to strengthen leadership, conscientiously implement these regulations, and make statistical figures accurate, timely, and complete." This system unified reporting of grain statistics, and first hand record keeping nationwide. Eight of the basic reporting forms stressed reporting commodity grain circulation, requiring that grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction to do the following: 1) Daily reporting of the amount of grain purchased, sold, and in storage; 2) Reporting every 10 days the amount of grain in storage along major transportation arteries; 3) Monthly reporting of complete statistics on the circulation of commodity grain (procurement, sales, allocations and transfers, storage), as well as a statistical breakdown of purchases, sales, and amounts processed by the five different economic components. Six supplementary reporting forms emphasized reported of social grain output and consumption; livestock feed consumption; availability of commodity grain; city, industrial and mining area, cash crop area, and disaster area amounts of grain supply, as well as percentages of social grain purchases and sales by the five different economic components, quarterly reports required. The system also emphasized the need for grain departments above the county level to set up statistical organizations, and the need for grassroots grain enterprises below the county level to assign statistical personnel. This stage of building grain statistics lay a preliminary foundation for the initiation of socialist grain statistical work. The various statistical reports filed in accordance with regulations by grain departments at all levels provided timely information on the grain situation to CPC committees and people's government

leading institutions at all levels, providing important data for increasing grain market control and for the socialist transformation of privately-owned industries and businesses.

II. Development of Grain Statistics

In accordance with requirements of the monopoly grain purchase and sales policy, in November 1953, the Ministry of Grain decided to centralize and unify the grain statistics administrative system, making clear that responsibilities and tasks, as well as statistical systems and statistical methods, were to be uniformly prescribed by the Ministry of Grain, provinces, autonomous regions, and municipalities under direct central government jurisdiction making supplementary regulations regarding the statistical system as their local circumstances required, implementing them after reporting them to and receiving approval from the Ministry of Grain.

With the implementation of the monopoly purchase and sales policy in 1954, the instruction to report statistics on purchases, sales, and processing by each of the five economic components was repealed.

In August 1955, the State Council issued "Provisional Regulations on the Supply of City and Town Grain Rations," and "Provisional Regulations on Rural Grain Purchase and Sales," which posed new requirements for statistical work. The Ministry of Grain correspondingly revised the statistical system, mostly in the following ways: For grain procurement, the establishment of categories for plan procurement and market procurement, and the additional establishment of a grain procurement source category, i.e., requiring separate reporting of amounts purchased from state-owned farms, agricultural production cooperatives, mutual aid teams, individual peasants, and other agricultural dealers. For grain sales, the establishment of quotas in accordance with city and town plan sales, township and village plan sales, and market sales, and the additional establishment of categories for the grain ration population, the grain ration level, and the total amount of grain rations. Grain departments in all jurisdictions further staffed statistical organizations, grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction establishing plans and statistics offices, prefecture (or city) grain bureaus setting up plans and statistics branches, and county grain bureaus setting up plans and statistics sections. In response to vocational requirements, the Ministry of Grain revised the statistics system again in 1957. The main revisions were: Designating 235 cities responsible for reporting urban area and countryside grain supply and amounts in storage once every 5 days; the addition to monthly statistical report grain purchase categories of separate categories for requisition procurement, monopoly procurement, and scattered procurement. Grain supply to the urban area and the countryside was more finely distinguished than previously, particularly as to use, and reports forms were added for various types of population receiving rations in cities

and towns, the level of rations, and the total amount of rations, thereby forming a new and more complete statistical indicator system. From the institution of monopoly grain purchase and sales in 1953 until this period in 1957, statistical work on grain completely reflected the entire process of grain commodity circulation in accordance with requirements for centralization and uniformity. It provided fairly detailed statistical data for state implementation of monopoly grain purchase and sales policies during the First 3-Year Plan.

In 1958, the CPC Committee decided to change the existing central government centrally controlled grain system to "control of the gap between the purchase and selling prices of grain, and assignment of allocations and transfers for an appropriate expansion of the authority of local governments over the control of grain. The statistics system was also correspondingly revised. Except for the nationwide statistical reporting forms that the Ministry of Grain required, which the Ministry continued to prescribe uniformly, there were no nationwide uniform provisions for the statistical forms and statistical methods, or for firsthand recording methods that local governments required. This was changed, grain departments and grain bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction themselves deciding matters on the basis of the nationwide statistical reports forms and local government requirements. As a result of the effects of the "Great Leap Forward," statistical work was weakened from 1958 through 1961. Some necessary statistical categories were cut, and unrealistic reporting times were also proposed. For example, monthly statistical reports were to be for the current month, and daily reports of amounts of requisition procurement grain going into storage had to be made overnight. This was not feasible and made for inaccurate statistics. In April 1962, the CPC Central Committee and the State Council issued "Decisions on Enhancing Statistical Work" in view of the tumultuous situation in statistical work that the "Great Leap Forward" occasioned. This document called for a strengthening of leadership in statistical work, requiring that the reporting of statistical figures to higher authority be realistic. By way of carrying out the spirit of this decision, the Ministry of Grain issued "Instructions on Enhancing Grain Statistical Work," which called upon persons in charge of grain statistics at all levels to be conscientiously responsible for the accuracy and timeliness of statistical figures. Grain statistical departments at all levels had to report the grain situation promptly, objectively, and truthfully, resolutely opposing false and deceptive reporting. No jurisdiction could arbitrarily revise or weaken nationwide uniformly prescribed grain statistics reports forms. Statistical departments were to do more analysis and research, doing monthly or quarterly inspections of plan fulfillment and preparing reports on it. They were to maintain a staff of statisticians at all levels and do all possible to keep them from being assigned elsewhere to enable specialization.

In the more than 2 year period from 1962 through 1964, the Ministry of Grain made several revisions and additions to the grain statistics system in accordance with "Decisions On Enhancement of Statistics Work" from the CPC Central Committee and the State Council, and "Trial Regulations on Statistics Work" issued by the State Council in March 1963, reviving some of the needed statistical indicators. It also added some new reporting forms, thereby enhancing statistical work and also improving the quality of statistics. This provided needed statistical data to carry out the policy of "readjustment, consolidation, filling out, and raising standards" of the national economy to assure the supply of grain.

After the beginning of the "Great Cultural Revolution" in 1966, numerous grain statistics organizations were disbanded or merged, and very many statistical personnel were transferred, separated, or sent down to the countryside to work. This greatly weakened statistical forces. Despite the abolition of quite a few statistical reports forms under these conditions, grain departments at all levels continued to report as usual the main statistics for grain procurement, sales, allocations and transfers, and storage. This played an important role in the state's timely allocation of grain to insure grain supplies during this tumultuous period. Premier Zhou Enlai sanctioned this at a 1971 conference, noting that at the time only when there was no shortage of grain procurement statistical report forms was it possible to provide timely reporting.

After the smashing of the "gang of four" in October 1976, and particularly following the 3d Plenary Session of the 11th Party Central Committee, once order had been brought out of chaos, very great advances were made in grain statistics work. This showed up mostly in the following regards: First, grain departments in all jurisdictions strengthened leadership of statistical work, revived and perfected statistics organizations, and added to their statistical personnel staffs. In October 1979, after the State Council issued, "Decisions on Enhancing Statistical Work and Staffing Statistical Organizations," all jurisdictions diligently devoted attention to the task of establishing statistics. By the end of 1984, grain departments throughout the country had more than 100,000 full-time and part-time statistical personnel, nearly 20,000 more than at the end of 1978. Second, was the addition of needed statistical report forms and statistical categories to meet the needs of the readjustment policy. Examples included a grain department negotiated purchase and negotiated sales category, a supply and marketing cooperative grain dealings category, and a category for peasant storage of grain on behalf of the state, statistical data becoming more complete thereby. In order to gain a prompt understanding of the rural excess grain storage situation, new rural excess grain survey statistics were gathered in advance of harvests in 350 representative counties. Third was a rise in the quality of statistics. The Ministry of Grain, the Ministry of Commerce, and grain departments and bureaus in all provinces, autonomous regions, and municipalities under

direct central government jurisdiction repeatedly emphasized the need to be practical and realistic in statistical work, reflecting events truthfully. At the same time, statistical analysis and statistical supervision was reinforced to improve the accuracy of statistics.

After numerous revisions and augmentations, the state grain statistical system gradually perfected its statistical indicator system. In 1984, there were a total of 332 basic statistical indicators for grain. By analyzing statistics for these indicators, grain statistics departments could provide state statistical units and people's governments at all levels with fairly complete data in the following regards:

1. Social grain output and sales statistics, including statistics on rural grain output, and rural grain distribution and consumption.
2. State grain procurement statistics, including requisition procurement agricultural tax grain, monopoly procurement grain, excess procurement grain for which an added price was paid, scattered grain purchases, grain recovered after having been sold on loan, grain supplied against grain ration coupons, grain purchased at negotiated prices, and such statistics on amounts and on the total value of procurement.
3. State grain sales statistics, including fixed grain rations for the population, grain used by the food industry, grain used by non-staple food brewing industries, grain used by institutions, grain used for making ethanol, grain used to make alcoholic beverages, grain used to make medicines, grain used for solvents, grain rations for the agricultural population (divided among grain provided to meet a general shortage, grain shortages resulting from disasters, grain needed by cotton growing peasants, grain needed by sugar crop growing peasants, grain needed by peasants growing other cash crops, grain needed by vegetable growing peasants and by fishermen, salt workers, foresters, and herdsmen), livestock feed grain, seed grain, grain subsidies to civilian laborers, award sales grain (which was also divided into award sales grain for raising hogs, growing cotton, growing sugar crops, and other purposes), grain sold at negotiated prices, and such statistics on amounts and on the total value of sales.
4. Grain allocation and transfer statistics, including statistics on the amount and on the value of allocations and transfers for in an out shipments of grain among provinces, autonomous regions, and municipalities under direct central government jurisdiction, and among counties, as well as grain supplied for export and received as imports.
5. Grain storage statistics, including statistics on the amount and on the value of grain in storage such as grain in circulating storage (parity price grain and negotiated price grain), state reserve grain, and reserve grain stored by the state on behalf of the peasants.

In addition to carrying out normal statistical work, the Ministry of Grain, the Ministry of Commerce, grain

departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction, and grain bureaus in prefectures, municipalities, and counties several times systematically collated complete statistical data for all the years since founding of new China, publishing it in booklets for the reference of governments and departments concerned at all levels.

In short, after liberation, the country's grain statistics work went through a tortuous process of development from incompleteness to completeness. During the "Great Leap Forward" and the 10 years of turmoil, despite serious weakening, basic statistics about grain procurement, sales, and storage were never discontinued; the continuity and integrity of principle statistics was maintained; and statistics basically met needs in building the national economy, and the work of grain businesses.

Section II. Basic Requirements for Statistics on Grain Commodity Circulation

Accurately, promptly, and completely collecting and reporting statistical figures for grain production, procurement, sales, allocations and transfers, and storage using the state prescribed statistical system and methods reflecting achievements in grain work at all periods was a basic requirement of statistics about grain commodity circulation. Following the founding of new China, grain statistics departments at all levels did their work according to this basic requirement.

1. Assuring the Accuracy of Grain Statistics

In order to insure the accuracy, objectivity, and scientificity of all statistical figures for steady improvement in the quality of statistics, both the Ministry of Grain and the Ministry of Commerce several times proposed that the problem of the quality of statistics should be tackled. This task should begin with the original recording of data to build a statistical verification system and a quality control system among collection units at all levels to hold the error on grain statistics at below 1 per 1000. Specific requirements were as follows:

1. Establishment of a system for the original recording of statistics. In response to statistics report form requirements, in 1953 the Ministry of Grain printed and disseminated "Trial Regulations on the Original Recording and the Accumulation of Figures on the Circulation of Commodity Grain." It called upon all grassroots level grain units to carry it out conscientiously as a part of statistics regulations. This regulation designated granaries, retail stores, grain stations, purchase and sales teams, processing mills, cooperatives commissioned as purchase and sales agents, and retail companies as original reporting units required to be responsible for recording and compiling original statistical data as the unit's actual vocational circumstances permitted. In view of problems of execution that arose in the original recording system, in 1957 the Ministry of Grain formulated a method for the original recording of figures that

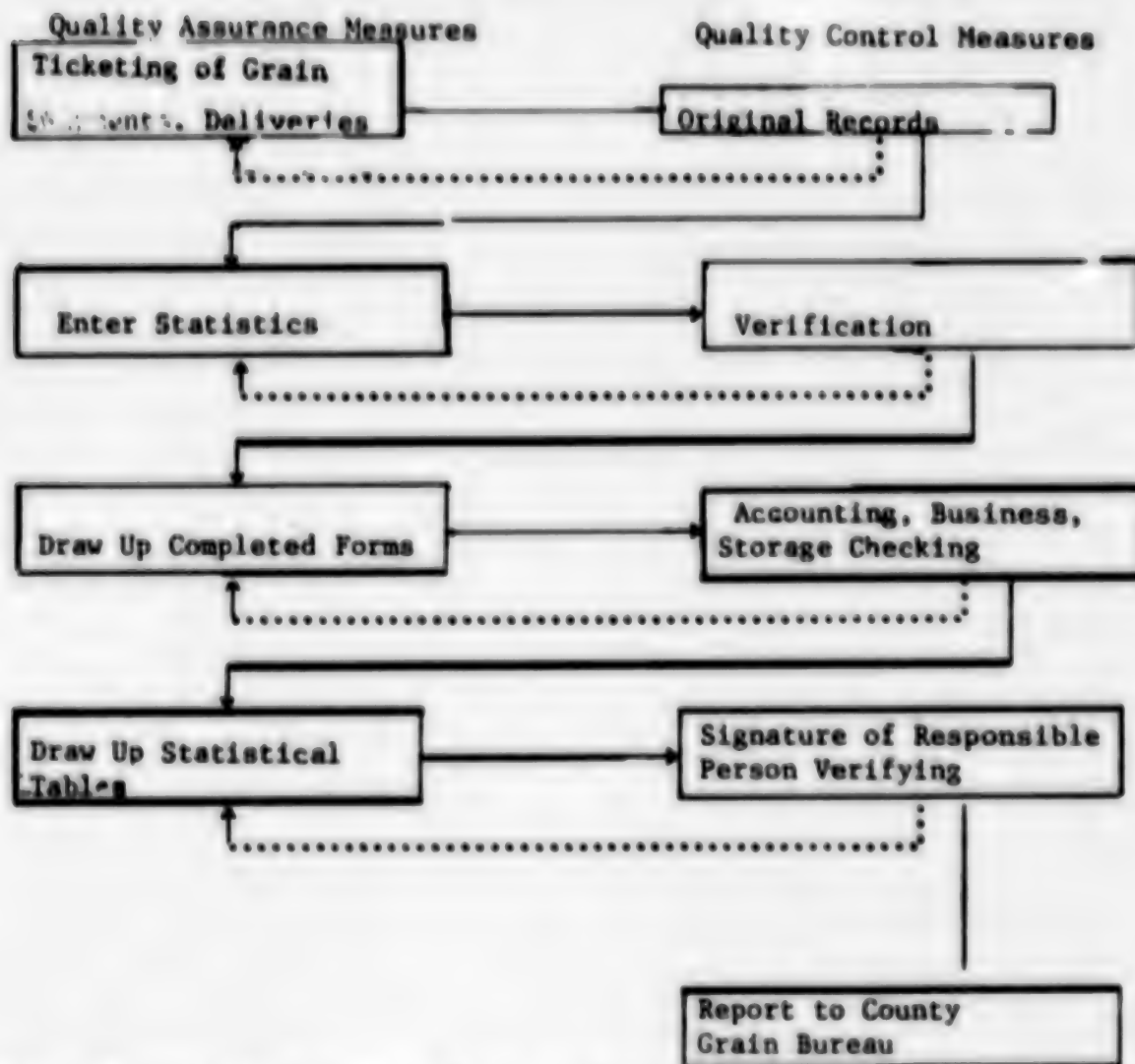
dovetailed statistics, accounting, and vocational work, emphasizing the consistency of interrelated statistical, accounting, and vocational figures. Subsequently, as the grain administration system changed, original recording management authority was delegated appropriately. Following the 3d Plenary Session of the 11th Party Central Committee, when family output-related systems of contracted responsibility were instituted, state requisition procurement of grain gave way to the payment of grain and accounting by individual households. In view of this situation, all jurisdictions correspondingly revised the existing original recording of grain requisition procurement, and certificates showing entry into granaries, simplifying procedures, and reducing the amount of time the masses had to stand in line to turn over grain to the state.

2. Reinforcement of examination and verification of grassroots statistical figures. Grassroots statistics are the foundation for all grain statistics work. The accuracy of grass roots statistics has a direct bearing on the quality of statistical data for the country as a whole. Therefore, reinforcement of the examination and verification of grassroots statistics was the key to controlling the quality of statistics. When grassroots units worked up original recording, recorded statistics, collated reports, and prepared reports forms, in each of these four steps they took quality assurance and quality control measures. (See Table 16)

3. Strict checking by compiling units above county level. County grain bureaus mostly conducted technical checks of statistics and checked the logic of report forms forwarded by grassroots level units to see that matters covered by the statistics, the figures, explanations of indicators, computation methods, commodity lists, and units of measurement were consistent with statistical system provisions. Prefecture (or municipality), and province level units in charge first checked statistical figures and subsequent collation methods, focusing on examining whether grain procurement plans had been fulfilled, whether sales had been controlled within plan norms, whether storage figures were accurate, and whether the purchase and sales situations were consistent with grain policy provisions in order to insure the truthfulness and reliability of the statistical figures. (See Table 17).

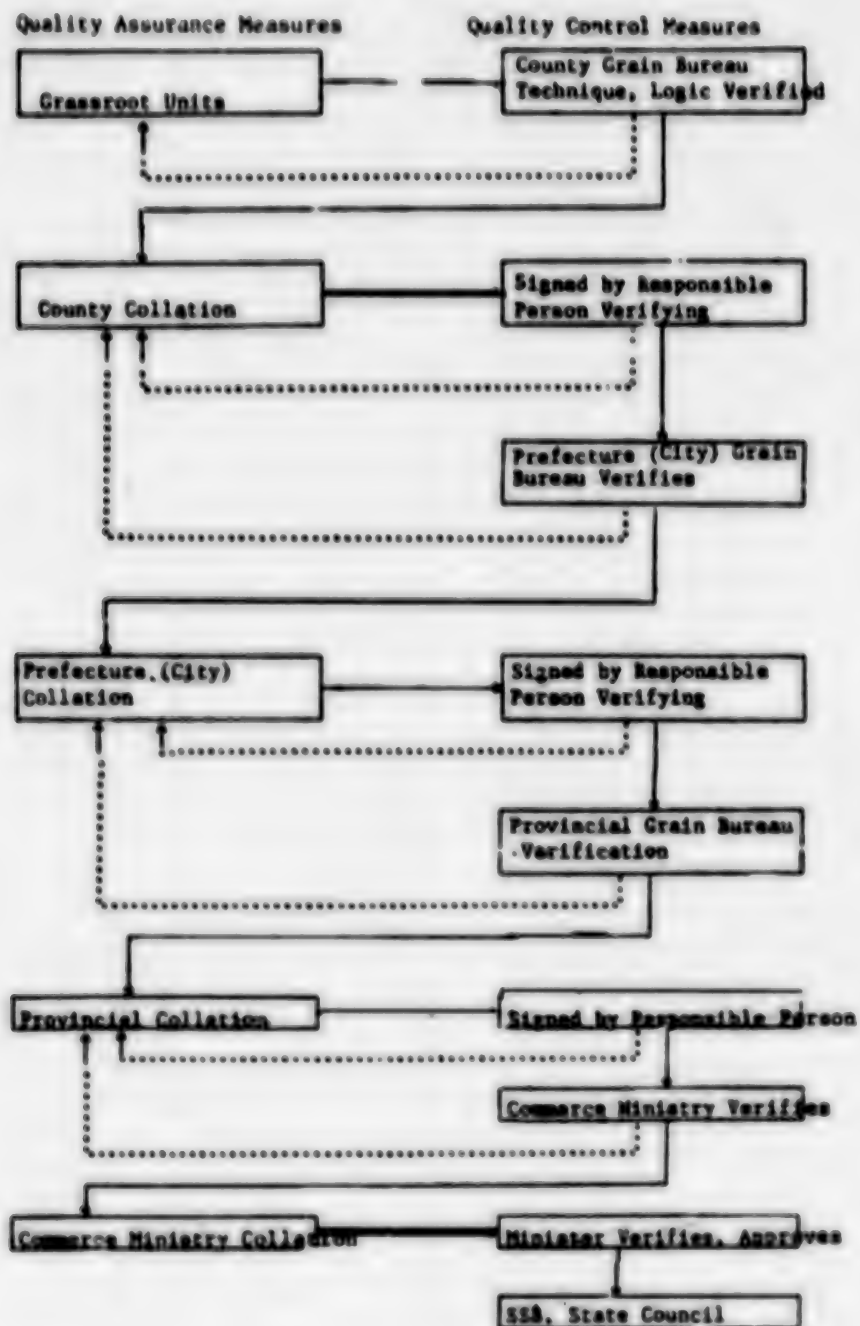
The national grain statistical system provides that leaders of grain departments at all levels must insure the accuracy of statistical figures in the following several regards: 1) no revisions of statistical data that statistical organizations and statistical personnel have provided pursuant to regulations from higher authority; 2) should mistakes be found in statistical calculations or attribution, the statistical organization, statistical personnel, and personnel concerned are to be so informed for verification and correction; 3) when statistical figures are questionable, statistical personnel may be notified to recheck; however, this should not adversely affect the timely reporting of statistical figures; 4) statistical personnel who persevere in seeking truth in facts, daring to

Table 16. Summary of Grassroots Units Quality Control of Statistics



Note: Dotted lines mean need to re-do or revise should errors be found.

Table 17. Summary of All Units Statistical Quality Control



struggle against deception are to be supported, commended, or given awards. Personnel who violate statistical discipline, report falsely, or report deceptively are to be criticized or punished according to the seriousness of the case. Those who use their authority to obstruct statistical performance in the performance of their duties, instigate statistical personnel to report falsehoods or provide false figures, or those who attack statistical personnel to get revenge, are to be investigated for culpability and severely punished in accordance with the "Statistical Law of the People's Republic of China."

4. Systemizing of statistical quality control. In order to provide accurate statistical figures, the Ministry of Grain and the Ministry of Commerce focused on problems with the quality of grain statistics at all previous conferences on statistical work, recommending areas to be stressed in checking, and specific requirements. In addition, each year's statistical regulations provided for regular checks of statistical quality. During the 10 years of turmoil, checks of statistical quality were suspended. After 1978, all jurisdictions resumed this work. Most provinces, autonomous regions, and municipalities under direct central government jurisdiction required grassroots grain units to conduct a check once every 2 months, county grain bureaus to check once each quarter, prefectures (or municipalities) to check once each year, and provinces, autonomous regions, and municipalities under direct central government jurisdiction to organize surveys of key aspects or complete surveys each year. This became a part of the system. Using a summarization of experiences as a basis, in March 1980 the Ministry of Grain organized a campaign called "National Grain Statistics Quality Checking Month." This campaign had as its goal a complete check of the quality of statistical figures before the close of each grain year, correcting any problems found. In September 1982, the Ministry of Commerce organized the convening of a report back meeting on the checking of statistics quality, which was attended by delegates from 16 provinces, autonomous regions, and municipalities under direct central government jurisdiction for the exchange of experiences. In November 1984, another national report back meeting on the checking of grain statistics quality was convened, grain departments and bureaus from provinces, autonomous regions, and municipalities under direct central government jurisdiction reporting matters covered in their quality checks, problems uncovered, and methods used. The conference studied the necessity for good performance in checking the quality of statistics, and it made checks on the quality of statistics a part of competitive awards. This conference also decided to organize a campaign for the checking of the quality of statistics once every 2 years, and to systematize it. Statistics quality checks generally included three things as follows: One was a check to determine whether all basic statistical figures were in compliance with statistical rules and regulations, were gathered and reported factually; and whether there were any false or deceptive reports. Second was whether original certification and recording of statistics was

uniform, complete, whether all sources of statistical figures had a factual basis, whether relevant statistics from accounting, storage and vocational units coincided, and whether one form and another, forms and ledgers, and forms and actual goods were consistent with each other. Third was whether there were any problems with regard to carrying out grain plans and policies, and plan administration. Since the task of checking quality of statistics required a substantial amount of work and had a bearing on a wide range of matters, usually regular self-checking was done for the most part, mutual checking and checking by higher authority being supplementary. Checks of the quality of statistics were not limited to checks of the accuracy of statistical figures, but also included checks on whether statistical personnel adhered to the seeking of truth in facts, and observed their education in statistical discipline. Practice demonstrated that planned, organized checks of statistical quality, linking closely problems found in the course of checks with strengthening of ideology building, organization building, and vocation building was a scientific method for improving the supervision of statistical figure accuracy, and improving the quality of statistical figures.

II. Improving Timeliness of Grain Statistics

Improving the timeliness of grain statistics held important significance for leaders in keeping on top of events, studying policy decisions, and making timely allocations and transfers of grain. In situations of fairly large conflicts between the supply and demand for grain, in particular, the timely provision of statistical data was even more important.

The prevailing statistical system provided for different kinds of statistical report forms on grain in terms of time, namely 5 day reports, monthly reports, quarterly reports, and annual reports. Reports could be either electrically transmitted or sent via report forms.

1. Electrically transmitted reports were also termed speed reports. Either the telephone or telegrams were used for level-by-level aggregate reporting from bottom to top. The make-up of the reports was simple; the number of categories few; the reporting period short; and reporting time "fast." Electrically transmitted reports were one of the main ways in which leading organizations gained a timely understanding of main vocational activities and work progress, studied solutions to real problems in work, and checked on the status of grain plan fulfillment. Grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction were required to file a 5-day report on the movement of requisition procurement grain into warehouses within 48 hours after the end of the reporting period. Within 58 hours, the Amalgamated Grain Company of the Ministry of Commerce collated nationwide figures in a report to the State Council, ministry leaders, and other departments concerned. The monthly electrically transmitted report on grain included information on requisition procurement, sales

(nonagricultural sales and agricultural sales), and month-end amounts in storage. Grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction were required to report on the 6th day of the following month. The Amalgamated Grain Company of the Ministry of Commerce collated nationwide figures before 1500 hours on the 7th day of the following month, immediately printing and distributing them.

Accuracy and timeliness were basic requirements for statistical information data. When there was a conflict between the two, timeliness was paramount for statistical data that reflected dynamic developmental trends. Accuracy was subordinate to timeliness in such cases. There was no need to pursue accuracy mechanically at the expense of timeliness. In the case of data that reflected static patterns, serving as statistics for checking results, accuracy was paramount, timeliness being subordinate to accuracy.

2. Monthly reports were a kind of regular statistical report filed monthly that used tables to report situations. They contained more material than electrically transmitted reports. Mostly they reflected grain receipts, transfers, and storage each month as a guide for short-term work. Grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction were required to report within 20 days after the end of the month. Because of the time it took for reports to move through the postal system, collation was completed within 26 days after the end of the month nationwide, and the reports were printed and distributed.

The preparation of monthly reports was done mostly through collation level-by-level from bottom to top. Some places used centralized collation (statistical survey data centralized in units in charge of statistical surveys where they were collated in a single action), and others used joint hearings and joint preparation.

3. Annual reports contained statistical data reflecting the complete grain commodity circulation picture for 1 year. They were used in checking how well grain plans, policies, and annual plans were carried out, and to summarize work done. Grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction had to send an annual report to the Ministry of Commerce within 55 days after the end of the year.

Up until 1958, annual statistical reports were prepared by grassroots units such as grain administration offices, grain stations, granaries, grain shops, and processing plants using uniformly prescribed forms and criteria. Itemized reports were sent from bottom to top. Under ordinary circumstances, there was very little difference between the 12 statistical monthly reports and the annual report. Consequently, beginning in 1958, some provinces discontinued the level-by-level preparation of annual reports. The provinces used figures directly from

the monthly reports in lieu of an annual report. The Ministry of Grain deemed this method workable. In 1962, it decided that all provinces, autonomous regions, and municipalities under direct central government jurisdiction should put this method into effect in order to reduce duplicatory work and the large amount of organizational work required to prepare annual reports.

At the beginning of the "Great Cultural Revolution" in 1966, the statistical reports forms on grain from some areas could not be forwarded as usual, and the quality of figures also came into question. Continued use of monthly statistical reports instead of annual reports could hardly provide basic and accurate grain procurement, sales, and allocation data. In view of this situation, grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction adopted the centralized "joint hearings and joint preparation" method of preparing annual statistical reports. This method required that statistical personnel form a lower level organization to meet with statistical data at a higher level unit at a prescribed time for joint examination of data and collation into reports forms. Beginning in 1974, the collation of annual statistical reports for commodity grain circulation nationwide was also done using this method. After 1978, because of the many readjustments to grain policies, the enlivening of grain dealings, and numerous readjustments, augmentations, and changes in statistical indicators, this "joint hearings and joint preparation" method continued to be used in order to maintain consistency in the terms of reference and completeness of figures used in annual statistical reports.

Annual reports prepared through "joint hearings and joint preparation" possessed the following advantages:

1. Better accuracy and completeness: Personnel involved in the preparation of annual statistical reports on grain nationwide filled out uniformly prescribed forms containing annual report data for all provinces, autonomous regions, and municipalities under direct central government jurisdiction. Before beginning to compile the data, they diligently examined their own and each other's data. When mistakes in figures were found, they could look into them and straighten them out face to face on the spot. Thus, the terms of reference for the figures were consistent, and there were no omissions in the various report forms and figures, so the reports were virtually-free.

2. Ability to assure the timely compilation and reporting of nationwide annual statistical report data on grain: Use of the centralized "joint hearings and joint preparation" method of preparing annual reports by all provinces, autonomous regions, and municipalities under direct central government jurisdiction lay a foundation for the collation of annual grain reports nationwide. The forms used in compiling the national annual statistical report on grain consisted of 510,000 bits of data contained in 1,000 pages in duplicate. This was a large amount of information finely broken down, but despite the large

amount of work involved, generally it could be completely compiled and collated within 3 days.

3. The time available following completion of the annual report could be used to organize exchanges of experience in drawing together and compiling annual statistical reports on grain, and to studying means of improving the quality of figures in reports forms and problems in timely reporting, thereby improving the professional level of statistical personnel.

III. Maintaining the Comprehensiveness of Grain Statistics

Grain statistics had a wide bearing. Not only did they have to reflect the situation in the purchase, sale, allocation, and storage of commodity grain, but they also had to reflect the grain production, distribution, and consumption situation. Therefore, comprehensiveness was a basic requirement sought in grain statistics. Comprehensive statistics included primarily the following things:

1. Annual grain statistics reports contained complete basic statistical data. They were compiled mostly from annual reports on the balance between receipts and expenditures of grain, which were organized into the three categories of receipts, expenditures, and storage broken down into 26 separate indicators. In addition to providing statistics on total amounts for each indicator, most also contained statistics by types of grain. The detailed nature and completeness also reflected the state's close watch on the whole process of commodity grain circulation.

2. Statistical data from representative samplings of commodity grain purchases, sales, and storage. This included commodity grain purchase, sale, and storage data from businesses owned by the whole people (grain, business, foreign trade, and other state-owned businesses), from supply and marketing cooperatives, other collectively owned businesses, jointly owned businesses, and individually owned businesses, as well as data from other industries and departments.

3. Rural statistical survey data on grain production and sales: This included statistical survey data about total rural grain output, sales of commodity grain, buy backs of commodity grain, amount of rural consumption (for grain rations, seeds, livestock feed, use of grain in economic diversification, and other uses of grain), the amount of grain in storage at the end of the current year, and the consumption level for various uses of grain.

4. Foreign grain data: Emphasis was given to the collection and collation of data on grain output, consumption, exports, and imports for the world's major countries including the United States, the USSR, Japan, the FRG, the United Kingdom, France, India, Canada, Poland, Romania, Hungary, Brazil, Argentina, Mexico, Indonesia, and Australia.

IV. The Grain Statistical Year and Commodity Cataloging

In order to provide accurate, timely, and comprehensive statistical data, the grain statistics systems contained uniform provisions about the grain statistical year and the cataloging of commodities so as to maintain identical terms of reference for statistics and completeness of statistical data.

By the grain year was meant the year employed throughout the country for calculating grain procurement, sales, allocations and transfers and storage for the whole year. It began and ended at a different time than the calendar year. The 1953 Central Finance and Economics Conference decided that the grain year to be used throughout the country would run from July of the current year to June of the following year. This was the standard that the central government used in formulating and issuing grain plans, and in checking plan fulfillment. During the 3 year period of national economic hardships, it was found that use of a grain year running from July in the current year to June in the following year produced an incongruity between grain production and grain procurement. Procurement figures for a given year included autumn grain procurement figures for that year and summer grain procurement figures for the following year. Thus, since the amount of the harvest varied from one year to another, it was very difficult to set procurement. Central government and local government grain figures also differed, producing an adverse affect on state grain allocations and planning. Premier Zhou Enlai noted this situation. At the 1962 Central Work Conference, he proposed changing the grain year, noting as well that the grain procurement year and the grain production year should be the same; otherwise, the national economy would be seriously hurt. After full consideration by the Central Committee, comrades on the Central Committee Secretariat and secretaries of all Central Committee bureaus unanimously agreed to change the grain year to run from April of the current year to March of the following year. For example, 1 April 1963 to 31 March 1964 was the 1963 grain year. This was decided on the basis of the country's grain production and harvesting seasons, and procurement times. This was because the grain harvest was long-since completed before the end of March in both south and north China, but it was not until the end of March of the following year that grain procurement was generally concluded. By setting the end of the grain year at the end of March, both the year's production and the state's grain procurement could be completely concluded, thereby integrating grain procurement and grain production. This helped state comprehensive planning of grain distribution. Many years of application demonstrated Premier Zhou Enlai's proposal for changing the grain year to have been entirely correct.

In addition to the grain year used throughout the country, there were also local grain years. China is a vast land in which the climate differs greatly between south and north, and in which agricultural production seasons and ingrained habits vary. Grain crop harvest seasons are early in some cases and late in others, and some grain

procurement times come ahead of others as well. For convenience in planning local grain procurement and sales, some provinces, autonomous regions, and municipalities under direct central government jurisdiction stipulated a local grain year based on actual local circumstances. For example, some provinces, autonomous regions, and municipalities under direct central government jurisdiction in the central plain, in south China, and south of the Chang Jiang prescribed a grain year running from June of the current year to May of the following year for purposes of purchases and sales. Others prescribed a grain year running from July of the current year to June of the succeeding year. In China's three northeastern provinces, and in Inner Mongolia and Gansu, the grain year was from October of the current year to September of the following year. In order to unify the terms of reference, when all provinces, autonomous regions, and municipalities under direct central government jurisdiction sent grain reports, grain plans, and statistical data to the central government, they used the grain year uniformly prescribed for use throughout the country, the local grain year being used only locally.

Trade grain was the general designation for the grain categories that state grain departments used when calculating amounts of grain purchased, sold, allocated and transferred and in storage. There were five categories of trade grain, namely wheat, husked rice, soybeans, corn, and other kinds of grain and tubers. Wheat included the amount of wheat and wheat converted to flour. Husked rice included the amount of husked rice and paddy rice converted to husked rice. Soybeans included yellow soybeans, green soybeans, black soybeans, and bean cake. Corn and other grains included corn and corn grit, and corn converted to cornmeal, sorghum and sorghum converted to husked sorghum, millet and millet converted to husked millet, and other raw grains and raw grains converted to grain products. Tubers included sweet potatoes, potatoes, and cassava converted to amounts of grain at prescribed conversion rates. The grain commodity circulation plans and the grain statistics forms that grain departments prepared were all figured in terms of trade grain.

Raw grain meant grain that had been harvested and threshed, but that had not yet been milled, and that could be directly eaten without being processed. Wheat, paddy, soybeans, sorghum, millet, corn, broad beans, peas, barley, and dried sweet potatoes were all examples of raw grain. When figuring total amounts of raw grain, grain that had been processed into finished grain products, such as wheat flour, and husked rice had to be converted to raw grain terms at prescribed conversion rates. Both social grain output and rural grain distribution were figured in terms of raw grain.

By finished grain products was meant processed products. Wheat flour, husked rice, husked millet, and cornmeal were all finished grain products. Grains that could be cooked and eaten without further processing, such as mung beans and peas, were considered both raw grain and finished grain. When finished grain was used, grain

varieties that were not finished grain products were converted to finished grain according to prescribed conversion rates. The state calculated the grain ration for the population, ration standards, the grain ration level and the actual level of supply in terms of finished grain products.

The conversion rates for trade grain were as follows: Trade grain consisted of both raw grain and finished grain products. In calculating the amount of trade grain, processed grain products outturn rates from raw grain had to be individually derived. For example, the outturn rate for paddy rice was usually 70 percent; thus, 70 percent was the conversion rate for converting raw grain paddy to trade grain husked rice. The conversion formula for trade grain was as follows:

Raw grain (such as paddy) converted to trade grain (husked rice) = the amount of raw grain times the conversion rate.

Finished product grain (such as wheat flour) converted to trade grain (wheat) = amount of finished product grain divided by the conversion rate.

Trade grain conversion rates were set by all provinces, autonomous regions, and municipalities under direct central government jurisdiction on the basis of the average local grain processing outturn rates; however, identical conversion rates had to be used for the purchase, sale, allocation, and storage of grain.

The grain ration population is the population supplied grain rations in accordance with "Provisional Rules for City and Town Supply of Fixed Rations." Different ration standards applied to the grain ration population, namely nine different categories of rations for those who performed particularly heavy physical labor, heavy physical labor, light physical labor, and for staff members and workers and others who performed mental labor, for college and middle school students, for residents in general and children above the age of 10, for those 6 but not yet 10 years old, for those 3 but not yet 6 years old, and for those not yet 3 years old. Relevant data on the fixed ration population and fixed ration standards derived from original recording of statistics by grassroots level grain departments, and close cooperation between public security and work units who built registration files to provide a basis for the figures.

The amount of grain sales to both the nonagricultural and the agricultural population were calculated using uniform criteria for different categories of recipients. Different supply policies and rules applied for grain sales to different recipients. For example, in sales to the nonagricultural population, the state instituted a graded per capita fixed ration for the population receiving fixed rations. Grain for the use of industrial and commercial firms was supplied in accordance with verified plans contained in requests from the using unit. Grain used for livestock feed was supplied at a fixed amount per head. In sales to the agricultural population, supplies were

provided according to set standards to peasants in general who lacked grain because of low output, and those who lacked grain because of disasters. Fixed amounts were also sold to peasants in cotton, sugar crop, and other cash crop growing areas, as well as to households specializing in the growing of vegetables, fishermen, salt workers, foresters, and herdsmen. The division of grain sales into nonagricultural and agricultural was an important basis whereby the state kept informed about the amounts and the percentage of sales to these two groups. They used this data for study of commodity grain procurement and sales policies, for study of the burden peasants carried in providing grain, and for doing a good job of supplying grain. It also provided important data for the study and planning of proportional relationships among all sectors of the national economy.

Section III. Grain Statistics Play an Important Role in Grain Work

Prior to the institution of monopoly grain purchase and sales in 1953, statistical work on grain was primarily for the purpose of providing statistical data for revival of the national economy, to lead and administer grain markets, to stabilize grain prices, and to insure grain supplies. Following institution of monopoly purchase and monopoly sales, the main emphasis was on providing statistical data about grain to carry out monopoly purchase and monopoly sales policy, formulate grain policies for government organs, reach agreement on and examine grain plans, and bring about a balance between grain receipts and expenditures.

I. Regular Provision of Statistical Data on Grain Commodity Circulation

Regular provision of grain data via electronically transmitted fast reports enabled CPC committees and leaders of people's governments at all levels to keep their fingers on the "pulse" of grain activity. During the period of national economic recovery following liberation, private capitalist grain industries and businesses contended with each other in a fierce point-counterpoint battle. In order to report changes in the ratio of these contending battle forces, and to accommodate the state in formulating attendant grain plans and policies, a nationwide electrically transmitted daily newspaper on grain was established. Every day, information about the amount of grain purchased, sold, and in storage in every jurisdiction in the country was rapidly communicated via the electrically transmitted daily to the CPC Central Committee and leading organs of the State Council. Following institution of monopoly grain purchase and sales, when the grain situation turned for the better, the electrically transmitted daily was changed to a 5-day newspaper in 1954. During the grain hardship period of 1960, leading cadres on the Central Committee devoted increasingly serious attention to electronically transmitted fast reports and other forms for reporting statistics. Li Xian-nian said that the first thing he did when he went to work each day was to read the grain reports. In 1969, the 5-day

newspaper daily was changed to a electronically transmitted monthly, however, the electronically transmitted 5-day newspaper was continued for reporting progress in grain procurement and movement into warehouses. This was because during the busy seasons when summer grain, early paddy, and winter grain were requisition purchased and moved into warehouses, government and departments in charge of grain at all levels regarded requisition procurement and movement into warehouses as a signal task that required them to keep abreast of grain movement into warehouses. During the requisition procurement seasons of the 1950's, 1960's, and 1970's, the Ministry of Grain frequently convened nationwide telephone conferences or sent cadres to supervise, urge along, and inspect progress in grain procurement and movement into warehouses on the basis of progress in grain procurement and fulfillment of requisition grain procurement plans from all jurisdictions reported in electronically transmitted fast reports. Throughout the year, electronically transmitted monthly reports on grain procurement, sales, and storage were sent with monthly reports. Like a "meter," they sensitively reflected the major processes in grain commodity circulation. (See Tables 18-23).

Regular forwarding of monthly and annual grain reports provided reliable data that enabled CPC committees and people's government leaders at all levels to understand the complete situation in grain receipts and expenditures, to summarize experiences in grain work, and to study grain problems.

II. Regular Supply of Rural Means of Food Production and Marketing

The relationship between the state and the peasants on food issues was manifested primarily in requisition procurement and rural marketing. Use of survey statistics to clarify the rural grain output, distribution, and consumption picture was a prerequisite for formulating rural grain procurement and marketing policies for a rational assignment of requisition procurement quotas and rural monopoly sales.

Following the institution of monopoly grain purchase and sales, grain departments conducted grain output surveys every year. In 1953, general surveys began to be carried out throughout the country. "Rural Grain Output and Marketing Survey Tables," which the Ministry of Grain drew up that year, provided that survey data be forwarded to the Ministry of Grain after county grain departments reported it to provincial grain departments (or bureaus) for compilation. In 1954, the Ministry of Grain also began to require grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction to report summer grain output estimates during mid-May each year, to report early paddy output estimates during late July, and to report autumn grain output estimates in late October to serve as important data for arriving at summer grain, early paddy, autumn grain, and whole year requisition procurement plans.

Table 18. Grain Output

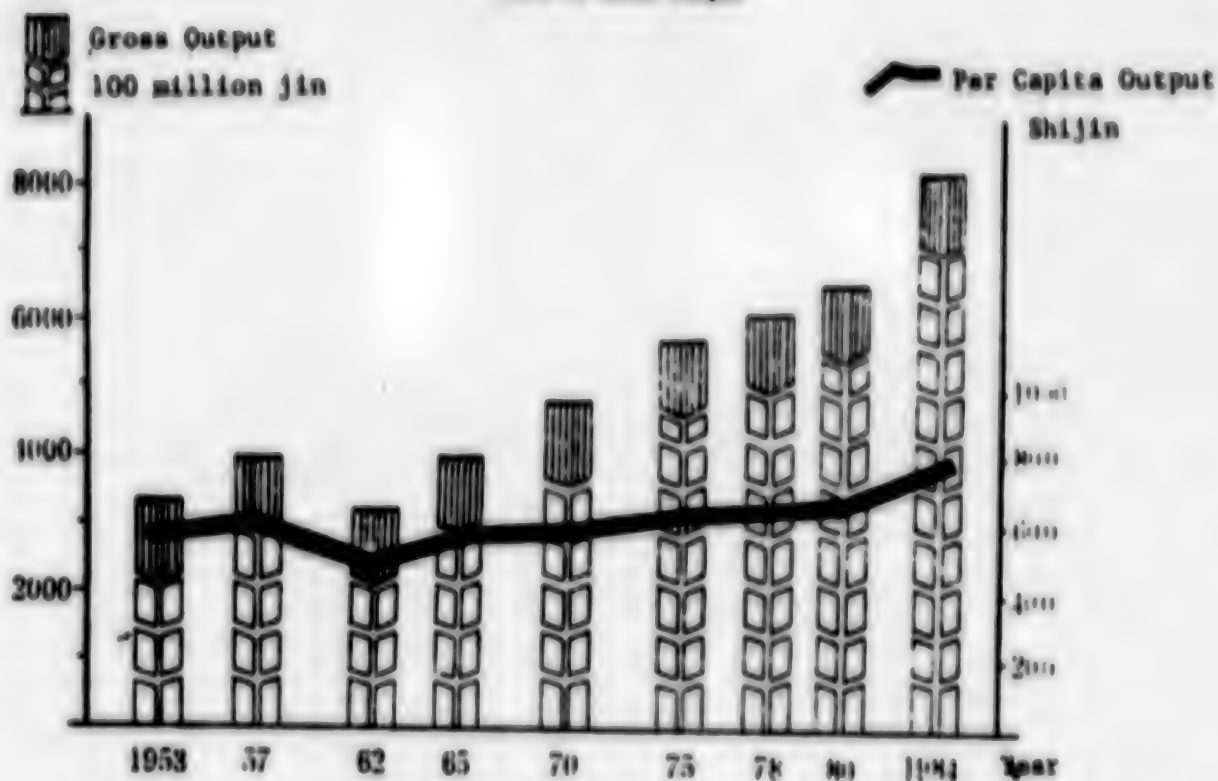


Table 19. Requisition Grain Procurement Table

1. Requisition purchases
2. Above-quota Purchases

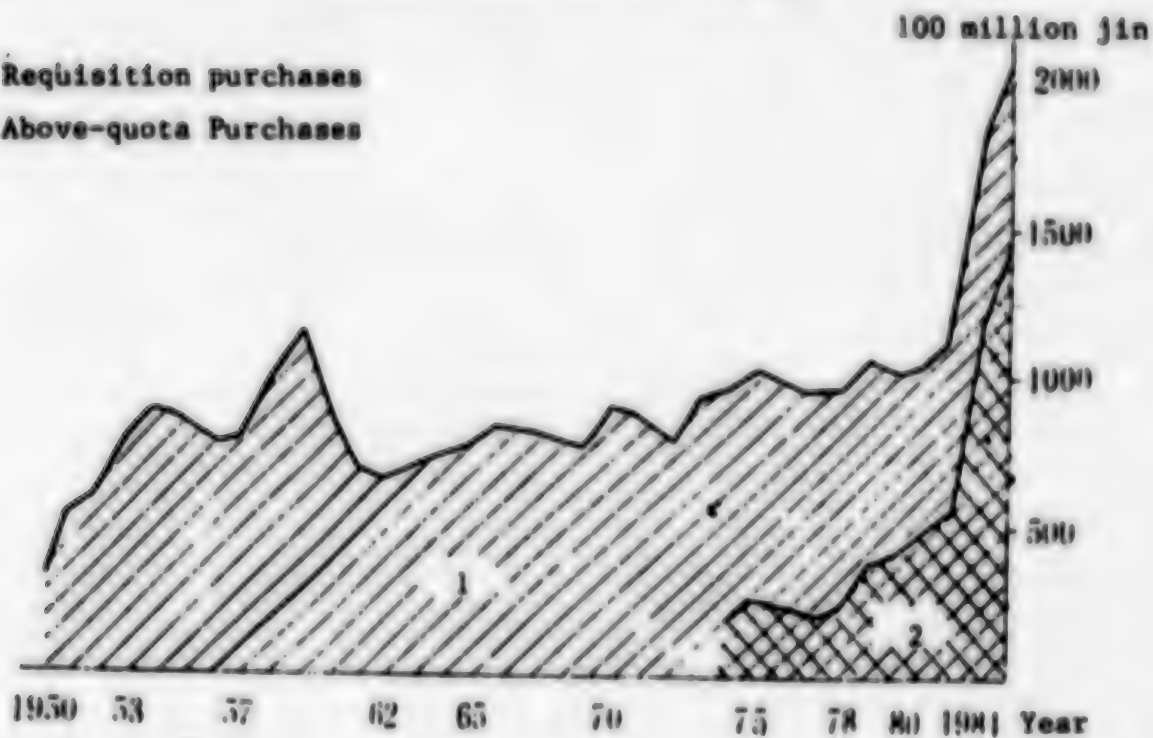


Table 20. Grain Sales Table

1. Gross Grain Sales
2. Non-agricultural Sales
3. Agricultural Sales

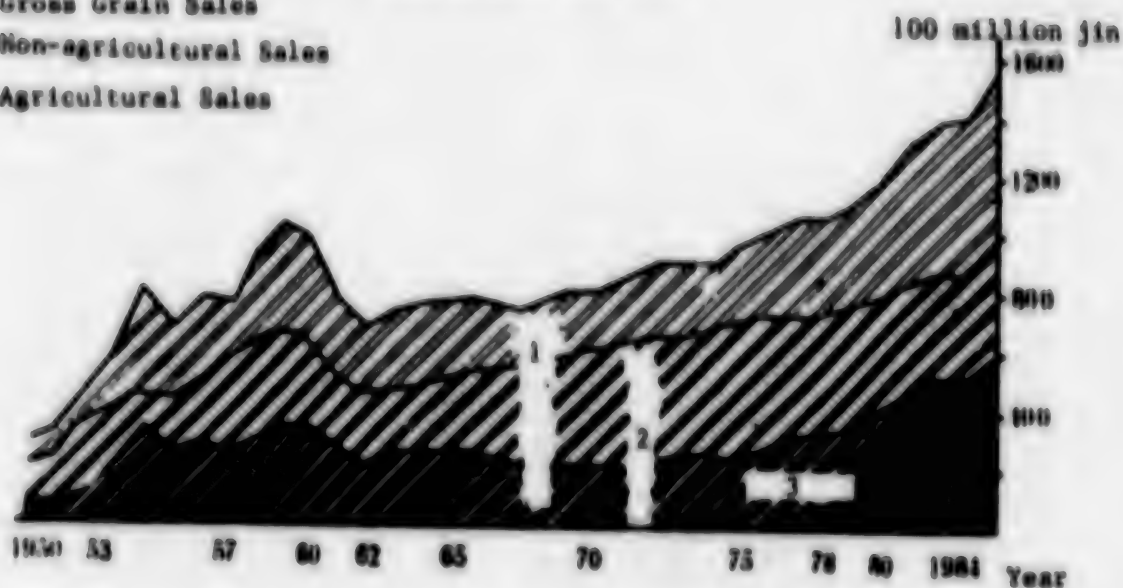


Table 21. Grain Import-Export Table

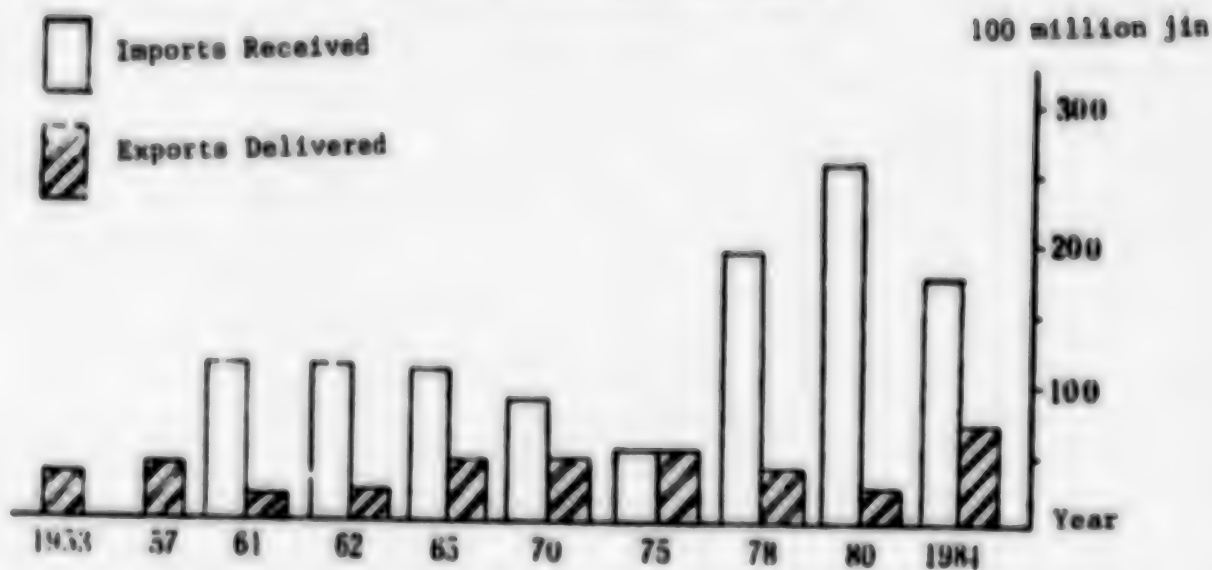


Table 22. Table Showing Total Population and Grain Ration Population

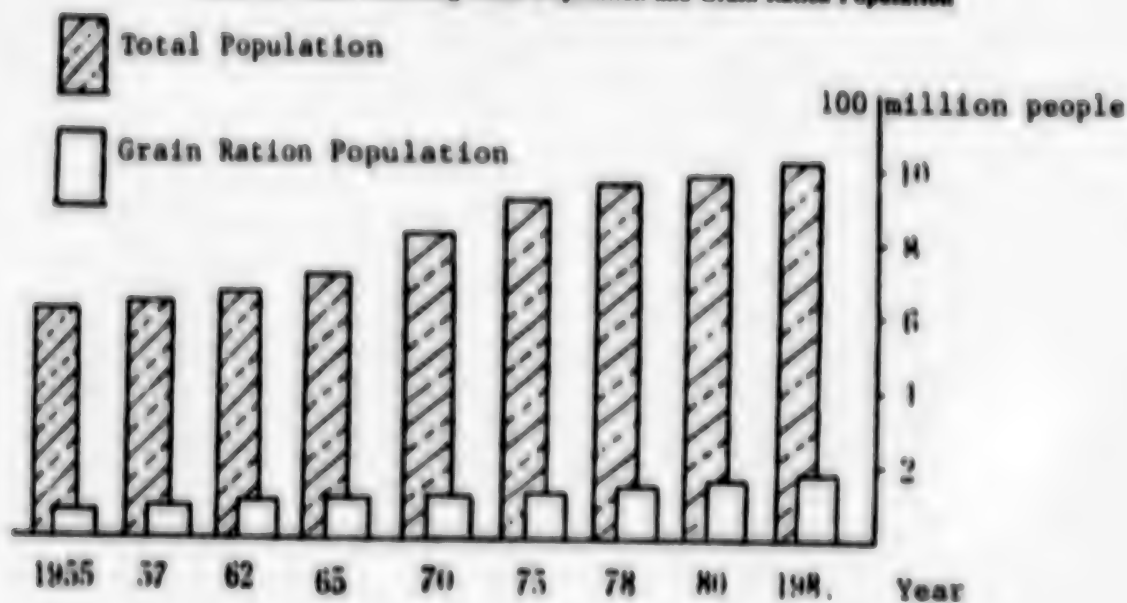
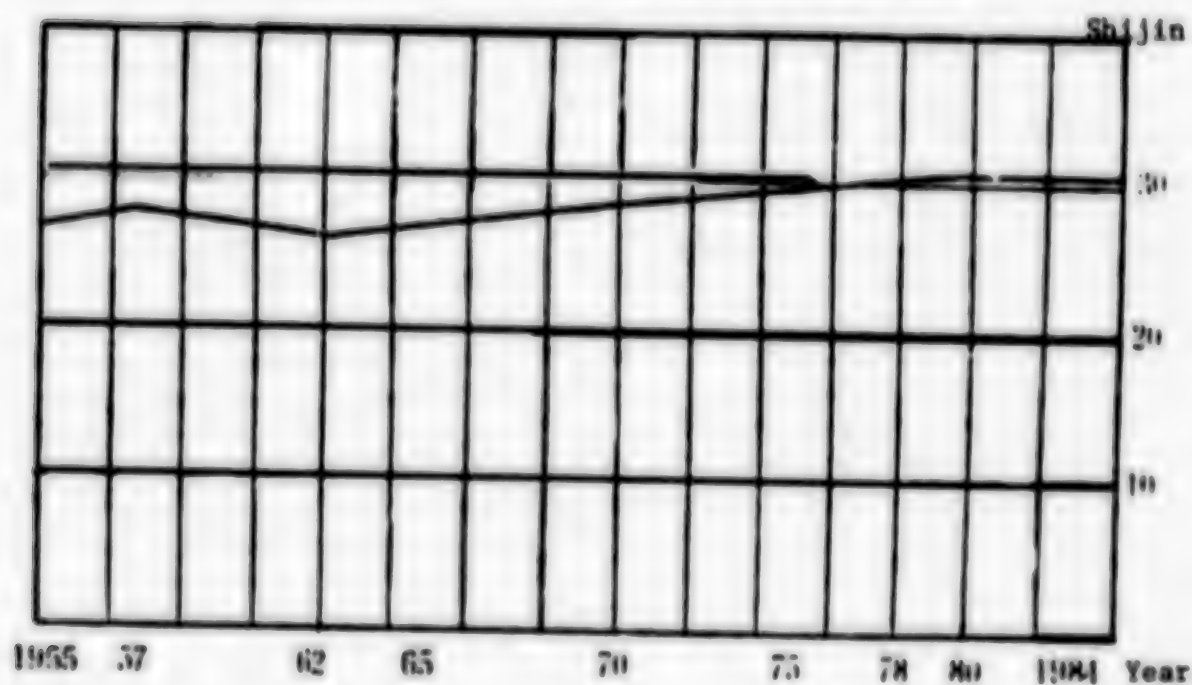


Table 23. Fixed Grain Ration Population Average Monthly Ration



Should fairly severe natural disasters be encountered in the grain production process, they were to be reported at once in order to help provide for grain supply and allocations. In 1975, in addition to requiring all counties to continue to fill in and submit survey forms on rural grain output and consumption, the Ministry of Commerce also came out with cards for reporting the grain output, procurement, and marketing situation. Grain departments in all counties were required to put detailed information about rural grain production, distribution, exchange, and consumption on these cards for direct reporting to the Ministry of Commerce where, after collation, they would provide units concerned with reference data for study of rural grain problems.

Not only did grain departments and bureaus in all provinces, autonomous regions, and municipalities under direct central government jurisdiction institute the use of the uniformly prescribed countrywide survey forms on rural grain production and consumption, but some added additional survey data and prescribed survey methods, markedly improving them. For example, grain departments in Zhejiang Province initiated a survey of output of various kinds of grain each quarter beginning in 1955 to "keep close watch on three matters" at once, namely, to keep close watch on the area sown to various kinds of grain immediately following the sowing of grain crops; to keep close watch on output estimates during the summer grain ripening period, and to keep close watch on output immediately following the grain harvest. They conducted representative samplings of grain output, and they established 6,300 villages with whom they maintained permanent contact, requiring these villages to keep detailed records on the sowing of grain crops, their growth, field care, weather and rainfall, disease and insect pest infestations, harvesting, and threshing. Next, they made a comprehensive analysis of the representative sampling data and the data from the villages with whom they maintained permanent contact to arrive at advance grain estimate figures having an approximately 98 percent accuracy. They used these estimates to determine quarterly peasant grain retention figures, and quarterly requisition procurement figures, planning for peasant grain retention and requisition procurement being done at the same time.

In 1972, grain departments in Shandong Province began to use surveys of different kinds of grain at selected places in conjunction with large scale on-the-ground direct observation to arrive at grain output estimates from which results were also very good. Prior to 1982, they had designated production teams as category 1, 2, or 3 on the basis of their grain yields per mu, selecting three representative production teams from among each category in each county. Thus, they kept close watch on more than 1,000 representative production teams around the province, using data from them to calculate grain output estimates for the whole province. In 1982, they began to change this system to the sampling of representative households, 81 representative households being selected in each county, a close watch being

maintained on more than 10,000 representative peasant households throughout the province to estimate output. They also conducted large scale on-the-ground direct observations to arrive at conclusions about output estimates for the whole province. Records showed that 28 output estimate surveys were conducted from 1972 through 1984, of which 14 showed greater than 95 percent accuracy, 13 showed between 90 and 95 percent accuracy, and only one showed less than 90 percent accuracy. This included 98.2 and 98.6 percent accuracy for the 1982 and 1984 summer grain forecasts respectively. Thanks to the fairly great accuracy of the grain output forecast data, it was possible to formulate realistic requisition procurement plans for excess procurement of additional output, for moving grain from bumper to lean harvest areas, and for a reduction of requisition procurement in areas hit by disasters, avoiding too light or too heavy requisition grain procurement. After 1972, there were virtually no reverse sales of grain to the same production unit after state procurement in most prefectures and counties.

III. Providing Statistical Survey Data for Grain Work

Following liberation, not only did work on grain statistics play a definite role in providing large amounts of statistical data for formulating and carrying out monopoly grain purchase and sales policies, and for CPC Central Committee and people's government major policy decisions on grain, but the large amount of survey statistics gathered on the following matters also provided a basis for rational state planning of grain procurement and sales:

1. Improvement of grain output survey statistics methods in view of the tendency toward exaggeration during the "Great Leap Forward." During the "Great Leap Forward" period of 1958, the tendency toward exaggeration ran rampant. False reporting of grain output was widespread. The overly high output estimates resulted in too great a requisition procurement of grain in 1959. In many areas, too much grain was purchased causing a buy back of large amounts of grain from the state. In order to get an accurate fix on grain output to seize the initiative in grain distribution, and to avoid overdoing the requisition procurement of grain, grain departments in Linxiang County in Hunan Province organized rural grain control personnel to go from production team to production teams to keep watch on the actual weighing and movement of grain into warehouses as a basis for assigning requisition grain procurement quotas as part of good handling of relations among the state, collectives, and individuals. In April 1960, the Ministry of Grain convened an onsite meeting on grain statistics work in Linxiang County, which promoted the county's experiences. Beginning with the summer grain harvest of 1960, grain departments everywhere began to keep tabs on actual output being weighed and moved into storage. Given the historical conditions of the time, these methods played a definite role in providing fairly reliable data for the state's rational assignment of requisition procurement quotas. In 1959, state requisition

procurement reached 39.7 percent of output, declining each year thereafter to 29.6 percent in 1961 and even further to 24.7 percent in 1962. As a result of the trend toward normalcy in the amount of state requisition grain procurement, a corresponding decline occurred in reverse sales of grain to the same production teams from which it had been procured. With the turn for the better in the grain situation and in cadre work style after 1963, grain department watch over production team weighing and movement of grain into storage was halted.

2. During the 3-year period of economic hardships, surveys and collations of data on the grain situation in serious disaster areas provided important data in providing for the livelihood of the people in disaster areas. The Handan, Shijiazhuang, Xingtai, Cangzhou, Hengshui, and the Tianjin special administrative districts in Hebei Province; the Shangqiu, Kaifeng, Anyang, and Xinxiang special districts of Henan Province; the Huimin, Dezhou, Liaocheng, Heze, and Jining special administrative districts in Shandong Province; the Huiyang and Xuzhou special administrative districts of Jiangsu Province; and the Fuyang and Suxian special administrative districts of Anhui Province were "bottom of the kettle" areas where the people's lives were very hard because of regular disaster-caused grain shortages. In 1962, the grain shortage was even worse than usual. An in-depth survey showed 50.35 million, or 61.7 percent of the 81.65 million agricultural population in these 19 special administrative districts as disaster victims in 1962. Of the 284.16 million mu area sown to grain, 156.13 million mu, or 54.9 percent, was disaster stricken. The state obtained 4.4 billion jin of the 28 billion jin grain output of these special districts through requisition procurement, selling 3.4 billion jin of it to rural villages for a net requisition procurement of 1 billion jin. It shipped in 1.65 billion jin. Grain per capita for the agricultural population was only 331 jin. In order to get on top of the grain situation in these districts at once, grain departments made them key targets for statistical surveys, filing independent forms on them after 1962. On the basis of grain department surveys and reporting from other departments, the state took a series of actions on the agricultural means of production, agricultural loans, and monopoly grain sales in these districts to help them develop production. Production developed very greatly in these districts as a result of 20 years of effort. In 1983, their grain output stood at 83.4 billion jin, a 55.4 billion jin increase over 1962; requisition grain procurement was 20.2 billion jin, 15.8 billion jin more than in 1962; and these districts changed from being net grain importers to shippers of 620 million jin of grain, and they also had normal year reserves of 1.9 billion jin of grain. Peasant grain rations were approximately 500 jin per capita for an improvement in their livelihood.

3. Surveys and collations of grain production, distribution, exchange, and consumption data for high yield grain counties played a definite role in the study of how to improve the country's grain commodity rate. In 1960,

grain departments selected 354 counties throughout the country that supplied an average of 100 million jin or more of commodity grain each year. They drew up a series of forms, required grain bureaus in these counties to organize forces themselves to conduct surveys of the grain situation throughout the county, filing them directly with the Ministry of Grain. Statistics showed these counties as having an agricultural population totaling 108.82 million, or 20.8 percent of the total agricultural population in the whole country. Their grain output was 79 billion jin, or 27.5 percent of the country's total grain output. Output was 180 jin higher than the per capita agricultural population output for the country as a whole. The state purchased 36.37 million jin through requisition procurement, or 33.3 percent of total requisition procurement nationwide. The agricultural population sold to the state 334 jin per capita, 126 jin more than per capita sales for the country as a whole. The grain commodity rate was 8.6 percent higher than the rate for the country as a whole. In 1963, another survey and collation of grain data was done for 370 high yield counties. At that time, these counties accounted for 25 percent of the country's agricultural population; they accounted for 35.9 percent of the country's grain output, and for 47.9 percent of the country's requisition grain procurement; and their grain commodity rate was 34.4 percent, which was 25.4 percent higher than the average rate for the country as a whole. The survey data showed these counties occupied a decisive position for the whole country's grain production and national requisition procurement of grain. The building of commodity grain production bases in large scale commodity grain producing areas was a fundamental measure for the development of commodity grain production. It was for this purpose that the state provided vigorous support and assistance to these areas in the fields of water conservancy, chemical fertilizer and the building of farmlands. After many years of effort in various regards, particularly following the 3d Plenary Session of the 11th Party Central Committee, very great results were obtained from the building of the commodity grain bases. Grain output showed substantial increase. By 1983, the number of high yield counties in the country providing 100 million jin or more of commodity grain had increased to 676. These counties had an agricultural population of 415.42 million, or 50.2 percent of the national total; a grain output of 467.7 billion jin, or 61 percent of the national output; and an agricultural population per capita output 197 jin higher than the national average. These counties provided the state with 153.1 billion jin of requisition procurement grain, or 71.8 percent of the total for the country as a whole; agricultural population per capita sales to the state averaged 368 jin, 111 jin more than the per capita amount for the country as a whole; and the 32.7 percent commodity rate was higher than the national average. Counties providing 500 million jin or more of commodity grain numbered 33. Changtu County in Liaoning Province provided 1.95 million jin of commodity grain. This was 2,418 jin per capita of agricultural population for a 70 percent commodity rate. Huaide County in Jilin Province provided

2,030 million jin of commodity grain, which was 2,907 jin per capita of the agricultural population, or a commodity rate of 71.3 percent. Lishu County provided 1.71 billion jin of commodity grain, 2,712 jin per capita of the agricultural population for a 70.8 percent commodity rate. The commodity grain that these large scale commodity grain producing areas provided played a major role in balancing domestic grain supply and demand.

4. Survey and collation of data about award sales of grain for cotton growing, and of grain rations for the agricultural population provided reliable data for rational planning of grain supply to cotton growing areas. In order to increase cotton production, the state instituted a policy of grain subsidies and award sales of grain in purchasing cotton from cotton growing peasants. In 1981, The Ministry of Commerce conducted a survey of grain rations and award sales of grain to cotton growing peasants in 32 cotton growing counties in 10 provinces and municipalities under direct central government jurisdiction in Shandong, Hebei, Hubei, Shanxi, Henan, Jiangsu, Sichuan, Anhui, Liaoning, and Shanghai. This survey affirmed the positive role of the state's award sales of grain in buying cotton. In 1981, the cotton growing area of these 32 counties accounted for 15.2 percent of the total cotton growing area in the whole country. State supply of grain rations and award sales of grain to cotton growing peasants in these counties accounted for 24 percent of the amount supplied nationwide, grain rations reaching 603.5 jin per capita, up 80 jin from 1978, and close to or higher than that of neighboring grain producing areas. After 1979, in particular, because of the large amount of excess procurement of cotton that cotton growing peasants offered for sale in newly developed cotton producing areas, state award sales of grain also increased. This spurred larger advances in cotton production in these areas. The surveys also found some problems that merited attention, the principal one of which was that cotton growing peasants had more grain that they needed as a result of the very great state award sales of grain to some cotton growing areas. The state stipulated that when cotton growing peasants received more award sales of grain for growing cotton than they actually needed, they could dispose of it as they saw fit. In 1981, cotton growing peasants in Shandong Province received 1.696 billion jin of award sale grain from the sale of ginned cotton, only 57 percent of which the state bought back from the cotton growing peasants. Grain on hand that the peasants did not want and that was converted to state excess procurement, grain departments making up the difference in price between monopoly procurement and excess procurement grain, accounted for 28.9 percent. Grain converted to sale at negotiated prices accounted for 14.1 percent. These survey data showed that there was no need for the state to provide so much award sale grain beyond the necessary grain ration subsidies, or that it could even abolish the award sales of grain. Following State Council study of this problem, it was decided to make no further award sales of grain for the procurement of cotton beginning in 1985.

5. Beginning in 1982, a survey was conducted each year on the rural surplus grain situation before the new grain harvest. Survey results were provided leading departments for reference in studying rural grain problems, and for readjustment of the structure of agriculture. The Ministry of Commerce required all grain departments to select counties having different kinds of economies for sampling the status of peasant household surplus grain holdings before the new grain harvest. The sampling found a large percentage of 400 or more jin per capita surplus grain peasant households, between 201 and 400 jin peasant households, between 101 and 200 jin peasant households, less than 100 jin peasant households, no surplus grain peasant households, and grain-short peasant households. Pre-harvest rural surplus grain total figures were extrapolated from these data. In 1982 a survey of 129 counties showed 70.5 jin of surplus grain per capita. In 1983, a survey of 323 counties showed 90.6 jin of surplus grain per capita. In 1984, a survey of 188.830 million people in 43.01 million households in 338 counties, accounting for 22.4 percent of the whole country's total population showed 23.1 billion jin of surplus grain before the new grain reached market, or 122.5 jin per capita. This included 822 jin per capita for counties providing 100 million or more jin of commodity grain; 160.8 jin per capita for counties contributing both grain and cotton, 138.3 jin per capita for large scale cotton producing counties, 125 jin per capita for counties contributing both grain and sugar, 98.8 jin per capita for mountain region counties, and 64.2 jin per capita for pastoral region counties. In general, surplus grain on hand was sufficient for 3 or 4 months food. This showed the ever-improving grain situation in the country since the 3d Plenary Session of the 11th Party Central Committee, and the gradual increase in peasant grain reserves, "grain in hand meaning no worries in the heart." After seeing survey reports of this kind, Chen Yun said, "These data are useful." He encouraged grain departments to continue to do a good job of rural grain surveys.

IV. Analysis and Supervision of Grain Statistics

Analytical study of grain statistics means further processing of statistical surveys and statistical collations to make fullest use of the service and monitoring that statistics can provide.

1. Collation and Analysis of Statistical Data.

Further processing and collation of statistical data, as vocational needs required, systematizing and methodizing it was an important stage in statistical work, and it was also a prerequisite for statistical analysis.

Collation of statistical data began in the period immediately following liberation after the establishment of statistics. At that time, most data was collected and collated on grain production, distribution, exchange, and consumption, as well as on the grain procurement, sales, allocations and transfers, and storage, and grain procurement and sales data of the various economic components

during the period of national economic revival. Following institution of monopoly grain purchase and sales, emphasis was on monopoly purchase and sales policy. This developed into the collation of fairly systematic statistical data on the commodity circulation of grain, and data about grain production and marketing. Examples were statistical data on grain 10 years after founding of the new China, and comprehensive statistical data on grain for the 20th, 30th, and 34th years following founding of the country. These data reflected successes in development of the country's grain work.

Simultaneous with the collation of comprehensive statistical data was the collation of specialized statistical data focusing on requirements of grain work during various periods. After 1968, data were collated on a series of subjects including grain output, population and cultivated land, the agricultural population and the non-agricultural population, grain output and requisition procurement, the population receiving grain rations and non-agricultural sales; the grain-short agricultural population, the cash crop population, and agricultural grain sales; grain deliveries and shipments; and grain storage and sales volume; data on wheat paddy, soybean, and corn output, sales, and procurement, marketing, allocations and transfer and storage; as well as data on grain in the principal countries of the world. Collated comprehensive and specialized statistical data provided valuable data for all parties' study of agricultural and grain problems.

Analytical study of statistics began in 1953. In January of that year, at the All-China Grain Statistics Work Conference, the Ministry of Grain put forward the need "to pay attention to doing analytical studies, giving it an important position in work on statistics." During the 1950's, the emphasis was mostly on using data contained in the daily and 5-day newspapers on grain purchases, sales and storage to make analyses once every 5 days of changes in the grain situation. Beginning in the 1960's, the emphasis was on writing factual, situational, and analytical reports based on grain data taken from monthly and annual reports that analyzed policies and fulfillment of plans, existing problems and the balance between national grain receipts and expenditures, which were provided to leading government at all levels for reference.

Following the 3d Plenary Session of the 11th Party Central Committee, as grain work developed, leaders of numerous grain departments not only paid serious attention to statistical report form figures, but also began to pay attention to analytical studies of the grain economy. At the All-China Grain Statistics Work Conference of June 1980, the Ministry of Grain stressed "enhancement of survey studies, with active development of statistical analyses to raise the level of statistical analysis." Following this conference, grain departments fairly generally engaged in statistical analysis, which tended toward diversification. Not only did grain departments focus on comprehensive analyses of the commodity circulation of grain and the balance between grain receipts and expenditures, and mini-analyses of individual topics at the grassroots level, but on other specialized analyses, as

well, such as "Changes Wrought on Grain Purchase and Sales by the Readjustment of the Pattern of Grain and Cotton Production," "New Problems in Grain Work Occasioned by the Development of Agricultural Production," "Analysis of Reduced Purchases and Reduced Sales of Grain Resulting From the Reversion of Cultivated Land to Forestry and Pasture in Mountain Regions," "Analysis of Rural Cash Crop Fixed Quota Grain Sales," "Changes in the Population Receiving Grain Rations and Trends in Grain Sales," "Development of Food Businesses to Accommodate the People's Livelihood," and "Reduction of Monopoly Sales and Expansion of Negotiated Price Sales." Some analyses also combined quantitative analysis with qualitative analysis in the writing of some valuable statistical analysis reports. In 1984, the Ministry of Commerce received more than 1,000 pieces of statistical analysis data from grain departments at all levels that reflected the grain situation that year, providing data that played a rather good role in studying grain problems during the new era. However, the quality of some analyses was not high. They offered a lot of figures but scant analysis, and a lot of quantitative analysis with scant qualitative analysis. Steady efforts were required to improve the level of analysis to make use of the analytical and monitoring roles of statistics.

2. Grain Statistics Monitoring

By grain statistics monitoring was meant the examination and supervision of grain policies, the balance between grain receipts and expenditures, and the fulfillment of plans during all periods by providing statistical data. Truthful reporting of objective reality in a straightforward manner itself played a role in checking and monitoring. Therefore, the provision of accurate statistical data served to monitor. For example, the grain figures on state procurement and reverse sales of grain in rural areas that statistics provided during 1959 and 1960 did not provide that much useful feedback for checking on grain output. Consequently the state purchased too much grain only to have to sell back large quantities after buying it. This caused damage to the people's wealth and stifled peasant enthusiasm for production. Another kind of monitoring consisted of using surveys and analysis to monitor deception. For example, during the 3 year economic hardship period after agriculture sustained a disaster, it became difficult to supply grain. Statistical reports forms revealed that that some places had used various pretexts to take over "small granaries" under local control containing nearly 1 billion jin of grain.

After more than 30 years of work, state grain statistical work developed into a major source of information on the grain economy. During this period, a statistical system and a body of criteria that were fairly consistent with needs in building the national economy, and developing the grain economy were formulated to provide leading organizations, both regularly and irregularly, with large amounts of data about the commodity circulation of grain. This system wrote and printed annual data about the grain economy, including reports on

grain, fats and oils, livestock feed, prices, finances, organizational personnel, wages, storage, allocations and transfers, ration coupons, grain and oil industry production, capital construction, materials, scientific research, education, grain output, and population. It initiated widespread analytical work on grain statistics, which placed an important role in the formulation and implementation of state grain policies and plans. In order to meet needs in the expansion of work on grain statistics, large numbers of statisticians were trained, training materials on grain statistics for general use throughout the country were written, and scientific study of grain statistics was initiated. A good beginning was also been made in the application of electronic computer techniques to statistical work. This work gave impetus to and raised the level of statistical work. In December 1983, the state promulgated the "Statistical Code of the People's Republic of China," and in January 1984, the State Council produced "Decisions on the Enhancement of Statistical Work," which put statistical work on the path of the rule of law, pointing the way to modernization of work on grain statistics.

The very great achievements made in national grain statistics work were under leadership of the CPC and governments at all levels, and were the result of efforts on the part of the broad masses of statistical personnel. In the course of doing ordinary work, they shouldered strenuous statistical report forms and statistical survey tasks, immersed themselves in filing accurate and timely statistical reports forms, laboring hard. For statistical personnel working in mountain regions, the grasslands, and border regions, where communications and transportation facilities were relatively poor, in particular, life was even harder. In order to get statistical reports forms to higher authority on time, they frequently walked, bicycled, or traveled on horseback during the oppressive heat of summer and the ice and

snows of winter, traveling several score li, or even several hundred li, day and night. Some statistical personnel, soaked in sweat during clear days, and mired in mud on rainy days, worked more than 30 years fetching statistical reports forms from grassroots units. During the "Great Cultural Revolution," statistical work was seriously disturbed; nevertheless, numerous statistical personnel stuck to their posts, faithfully discharging their duties, fearing neither persecution nor contention. After the great 1976 earthquake in Tangshan Prefecture, some statistical personnel continued statistical work despite losses of family members or collapse of their offices. During the counter-attack in self-defense against Vietnam during 1979 in the Guangxi-Zhuang Autonomous Region and the Yunnan border region, statistical personnel carried statistical forms through the smoke of battle, fearing neither to shed their blood or sacrifice their lives in going to grassroots grain units to collect statistical figures for the compilation of statistical reports forms in order to prepare reports on time. Their revolutionary spirit in devoting themselves to grain statistical work to insure smooth completion of all tasks in grain statistics work made a contribution to the four modernizations. Despite the very great accomplishments in grain statistics work, they still fall short of needs for information in developing grain work. Further reform, innovation, and a spirit of blazing new trails and moving ahead are needed for statistical information to play the role it should play in socialist modernization.

July Price Index of Market Trade Goods

HK1110114789 Beijing CEI Database in English
11 Oct 89

[Text] Beijing (CEI)—Following is the price index of goods in free market trade in July, 1989, released by CSICSC [China Statistics Information Consultancy Service Center]: (Note: price of the same period of last year as 100.)

Price of Index Goods, July 1988

	National	Including:	
		Town	Countryside
GENERAL INDEX	113.2	114.9	111.4
Price Index of Consumer Goods	114.4	114.9	113.4
Grain	151.3	150.8	151.6
Edible vegetable oil	152.7	154.7	151.2
Vegetables	107.3	109.7	105.2
Dried vegetables	120.2	117.6	121.6
Meat, poultry, and eggs	113.7	112.5	114.7
Aquatic products	121.9	122.3	117.9
Fruits	99.4	97.9	101.2
Dried fruits	138.8	144.8	135.0
Daily necessities	132.6	154.5	123.0
Firewood	139.3	133.0	142.2
Others	109.1	111.8	107.5

Means of Production		
Price Index of Agricultural Means of Production	105.4	105.4
Forage	142.6	142.6
Farm tools	119.2	119.2
Poultry, pigs, sheep and goats	86.5	86.5
Large domestic animals	112.1	112.1
Bamboo and timber	131.1	131.1

Controls Tightened on Raw Silk

HK1810022589 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
18 Oct 89 p 4

[By Geoffrey Crothall in Guangzhou]

[Text] China is cracking down on the unauthorised purchase of silk cocoons and sales of raw silk to Hong Kong in a bid to guarantee supplies to the European and Japanese markets.

The "cocoon wars" of last year, which prevented the China National Silk Corp from taking any new orders at the Spring Guangzhou trade fair, have largely been curbed, according to China Silk vice-president Xia Yanlin.

Ministries in Beijing dispatched seven teams to key silk-producing areas last month to supervise and coordinate cocoon collection and had issued circulars calling for local government departments to exert greater control over silk production and distribution, Mr Xia said.

Silk factories producing poor-quality goods would be closed or merged and those factories which continued to make unauthorised sales would be subject to substantial fines, he added.

The re-imposition of central controls has begun to pay dividends for China Silk. In the first half of this year the company bought 160,000 tons of cocoons, a 10 percent increase over the same period last year.

Nearly all supplies of raw silk will be designated for the European and Japanese markets. European silk buyers at the current Guangzhou trade fair agreed that the supply of silk had increased noticeably over last year.

Nearly all supplies of raw silk will be designated for the European and Japanese markets. European silk buyers at the current Guangzhou trade fair agreed that the supply of silk had increased noticeably over last year.

"They are now able to sign new contracts with existing customers, but as yet there is still no room for new buyers," a French silk importer said.

"I do not expect the contracts signed at this fair to be implemented fully. There are still a lot of problems in getting the silk from the factories, but at least supplies have started moving again," he added. Exports to Hong

Kong, however, have been severely curtailed by stricter supervision of production and heavy taxes on sales to the territory.

Hong Kong businessmen are being blamed for initiating the cocoon wars in the late 1980's by buying up cocoons direct from the farmers at nearly double the state purchasing price.

The cocoon wars escalated when buyers from cash rich provinces, such as Guangdong, also got in on the act and prices increased rapidly.

As a result, supplies to the state virtually dried up and the quality of products available for export decreased markedly, having a "catastrophic effect" on the state-run silk industry, according to Mr Xia.

Mr Xia conceded that silk production was still too diversified to be brought fully under state control and that there was still a real possibility that the cocoon wars could escalate again.

"There is still a lot of friction on the provincial borders and panic buying and purchasing of premature cocoons occurs from time to time," he said.

A Hong Kong trader at the Guangzhou fair said it was impossible for the central government in Beijing to regulate silk production and cocoon rearing.

"Individual factories are always open to the right offer and government investigators can be paid to turn a blind eye to any irregularities," he said.

European traders agreed, saying they would have to go direct to factories after talking to the export corporations to make sure the factories could actually supply the specified amount and quality of raw silk.

"What the export corporations tell us at the fair is largely irrelevant. Although supplies have improved, there is still no way they can guarantee delivery," an Italian buyer said.

"Tomorrow I am going straight to the producer to find out what he needs from us to make sure we get what we ordered, reasonably on time," he added.

Ministry Issues New Lumber Shipping Permits

OW0710122089 Beijing XINHUA Domestic Service in Chinese 1308 GMT 27 Sep 89

[From "Domestic News Briefs": Local Broadcast News Service]

[Excerpt] Beijing, 27 Sep (XINHUA)—[Passage omitted] The Ministry of Forestry has decided that existing inter-province lumber shipping permits issued by provinces and autonomous regions will be superseded by a unified nationwide interprovince lumber shipping permits beginning in October of this year. The new permit is designed to strengthen supervision and administration of lumber transport and keep the consumption of forestry resources under control. [passage omitted]

National Grain Procurement

40060003b Beijing JINGJI RIBAO in Chinese 3 Oct 89 p 1

[Summary] According to the Ministry of Commerce, as of 10 September, China had put 26.22 billion kilograms of contracted grain in storage, an increase of 2.79 billion kilograms over the same period in 1988. Of this amount, over 12.4 billion kilograms of summer grain were put in storage, and basically fulfilled the plan; 4.57 billion kilograms of early rice were put in storage, an increase of 1.64 billion kilograms over the same period in 1988, and fulfilled the plan by 110.6 percent. By the end of August, grain departments throughout China had procured 3.59 billion kilograms of negotiated grain, an increase of 790 million kilograms over the same period in 1988.

Progress Noted in Feed Industry

OW0810094889 Beijing XINHUA in English 0912 GMT 8 Oct 89

[Text] Beijing, October 8 (XINHUA)—China's livestock feed industry has achieved marked progress since 1985 despite disappointing grain harvests and a soaring demand by animal breeders, CHINA DAILY reported today.

But problems still exist that agroscientists believe may hinder future development, the English language paper noted.

The paper quoted Liu Jinbo, vice-director of the National Feed industry Office under the Ministry of Agriculture, as saying that currently the relatively new industry boasts 279 fodder machinery factories and more than 200,000 employees.

Liu said that the industry has produced four million tons a year since 1985 and compound feed makes up 50 percent of the fodder.

He attributed the achievement to the cooperative efforts of various government ministries and the introduction of about 200 sets of fodder-processing machinery from other countries.

The official also listed major problems threatening the booming industry.

Included are shortage of raw materials, the lack of the state supply of grain, rising prices of raw materials and over-taxed transportation systems.

National Vegetable Area

40060003a Beijing JINGJI CANKAO in Chinese 10 Oct 89 p 2

[Summary] This year the area sown to vegetables is 92,090,000 mu, an increase of 1,610,000 mu over 1988.

Illegal Purchases Aggravate Cotton Shortage

OW0410111289 Beijing Xinhua Domestic Service in Chinese 1306 GMT 27 Sep 89

[Local Broadcast News Service]

[Text] Beijing, 27 Sep (XINHUA)—According to JINGJI CANKAO BAO, local governments in certain cotton-producing regions have held up for delivery over the past 2 years cotton allocated under the state plan. These actions have been taken purely out of consideration of local interests. Some small cotton mills also have used all sorts of means to purchase cotton illegally, thereby aggravating the shortage and chaos in cotton supply. This situation has prompted managers of major cotton mills to ask in strong terms local governments in cotton producing regions not to hold up the delivery of procured cotton. They also have asked departments concerned to take legal measures to resolve the problem of illegal cotton purchases.

Beijing Faces Water Shortage

HK1710013089 Beijing CHINA DAILY in English 17 Oct 89 p 3

[By staff reporter Li Hong]

[Text] Beijing's ever-growing water shortage means the municipal government will have to resort to stricter measures in conservation, CHINA DAILY has learned.

Beijing Mayor Chen Xitong has recently said that, "Beijing may face the threat of losing its position as China's capital if its problem of water shortage cannot be solved."

Beijing's water supply is dropping rapidly. The per-capita water consumption is only one sixth of the national average and one twenty-fifth of the world average.

Also, the city's underground water reserves have been seriously drained because of over-drilling. Of its 40,000 motor-pumped wells, a third have dried up and another third are at only half their normal levels.

Now Beijing is short of 150,000 tons of water every day during its peak consumption season.

"Though it has been raining this autumn, it doesn't do much to improve the city's reserves," an official of the municipality's Water Conservation Bureau said yesterday.

"As a matter of fact, the water in the city's two big reservoirs continues to decline and the underground water levels continue to drop."

Between January and September this year, the average rainfall in Beijing was only 80 percent of the total in the corresponding period in past years.

Furthermore, the rainfall during Beijing's July-August flood season this year in the upper reaches of the Miyun and Guanting reservoirs decreased by about 40 percent.

To cope with this situation, the municipal government will use water from the Miyun Reservoir in order to avoid draining the Guanting Reservoir.

Also, preparation work on the Second Water Resource Project in western Beijing, a programme to conduit water from the Miyun Reservoir in northeastern Beijing, is progressing. The project is designed to meet the water supply needs of the giant Capital Iron and Steel Complex, two big electricity generators and 130,000 residents in the capital's western suburbs.

In addition, the municipality will embark on a water conservation campaign demanding everyone to use water in accordance with the city's plan.

"Rules and Regulations on Urban Water Conservancy," was promulgated by the municipal government two months ago.

According to the order, city water departments will designate water-consumption ceilings for everyone. Work units and other institutions which exceed their designated figure will be fined.

Work units or individuals who want to drill underground water on their own must first have the authorities' approval, the order says.

Soil, Water Loss in Fujian Province

40060003c Xian SHUITU BAOCHI TONGBAO
[BULLETIN OF SOIL AND WATER
CONSERVATION] in Chinese No 4, Aug 89 p 6

[Abstract] The total land area of Fujian Province is 123,000 square kilometers, the cultivated area is 124,000 square kilometers, the population exceeds 28 million, and the per capita cultivated area is 0.50 hectares. According to 1984 statistics, the soil and water loss area of Fujian was 14,000 square kilometers, four times that of 1958, and accounted for 11.2 percent of the total area in Fujian. The number of counties and cities with serious soil and water loss increased from 22 in 1966 to 35 today; soil and water loss can be found in all counties. Soil and water loss has resulted in the loss of fertile soil, degradation of land productivity, lifting of river beds,

deposition of harbor lines, dead reservoir from deposition, reduction of hydraulic engineering benefits and shortage of energy resources.

Guangdong Develops High-Yield Farmland

OW1010151189 Beijing XINHUA in English
1243 GMT 10 Oct 89

[Text] Guangzhou, October 10 (XINHUA)—Government officials at various levels in China's southern Guangdong Province are leading a campaign to increase grain output and develop high-yield farmland.

In order to push forward grain production, the province has asked government officials at various levels to go to the countryside to give guidance in grain production.

Since 1987, officials have guided farmers to develop two million hectares of high-yield land producing 1.5 billion kilograms of grain. Grain output has increased by 375 to 1,200 kilograms per hectare.

This year, about 710 city and county agriculture officials have taken part in the campaign. These activities have encouraged farmers to grow more grain.

Heilongjiang Establishes Grain Wholesale Market

SK1410050589 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 12 Oct 89

[Text] The Heilongjiang Provincial grain and oil wholesale trade market—China's first provincial-level grain and oil wholesale trade market—was established in Harbin today. This market was established in line with the State Council arrangements, with the approval of the Heilongjiang Provincial Government, and for the purpose of rationalizing the channels for grain circulation, fully developing the regulatory role of markets, improving and developing the double-track system for the prices of grain, and deepening the reform of the grain circulation system. It is an organization that combines the macroregulation and control of governments with market regulation, where the grain to be exported to outside the province is traded at negotiated prices. Its major task is to organize trade partners in and outside the province to do business through talks at the market in line with the grain and oil policies stipulated by the State Council and the provincial government. Its varieties of products include soybean, which is the major one, as well as wheat, rice, corn and sorghum, their manufactured products, and sideline products. From now on, anyone who comes to our province to buy grain and oil wholesale at negotiated prices should do the business at the market, sign contracts, and obtain approval for shipping. Business outside the market will not be permitted. Jiang Xi, adviser to the Ministry of Commerce, and Dai Moan, provincial vice governor, cut the ribbon for the opening of the market.

Mechanization of Beet Production Tested in Heilongjiang*SK0810010289 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 3 Oct 89*

[Summary] Our province has carried out an experiment in the mechanization of beet production. The first group of experimental stations has taken shape. So far, the province's sugar refining capacity has reached 6 million tons and the province has to sow 6 million mu of beets annually in order to satisfy the sugar refineries' demands for raw materials.

Heilongjiang Harvest*OW2010112789 Beijing XINHUA in English 1056 GMT 20 Oct 89*

[Text] The total grain output in 102 large and medium-sized state farms of Heilongjiang Province has reached 3.2 million tons this year, with a 24.4 percent increase over that of last year. It is estimated that the farms will provide 1.37 million tons of commodity grain to the state, 37 percent more than last year.

Henan Issues Circular on Fighting Drought*HK1310021589 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 12 Oct 89*

[Excerpt] Drought is spreading rapidly in Henan. The provincial government issued a circular on 12 October calling on all localities to take swift action to do a good job in fighting drought and sowing the wheat crop.

The circular said that some 32 million mu of land in the province are now affected by drought. The province has only fulfilled 40 percent of the wheat sowing plan, and over 40 million mu remain to be sown. This includes 20 million mu where drought will have to be fought in order to sow, and the difficulties of doing this are increasing all the time. Hence all localities must strengthen their sense of urgency and effectively strengthen leadership. The responsible comrades at all levels must grasp the work personally, send cadres into the rural areas, and resolutely complete wheat sowing by the end of October. [passage omitted]

Responsibility System Stimulates Inner Mongolia*OW1310211389 Beijing XINHUA in English 1208 GMT 13 Oct 89*

[Text] Hohhot, October 13 (XINHUA)—About one-third of the degenerated and sandy grasslands in north China's Inner Mongolia Autonomous Region have been improved since the implementation of the contract responsibility system in the area in 1982.

Thanks to the reform and the application of new technologies, the region has achieved great progress in the improvement of the pastoral areas.

The region has 63 million hectares of grassland, ranking first in China. In recent years, it has planted 2.425 million hectares of artificial pastures and 372,000 hectares by aerial seeding.

Also under the program, 3,787,333 hectares of pastoral areas have been fenced and improved, and 79,333 hectares of natural grassland and 69,333 hectares of forage base have been irrigated.

The Inner Mongolia Government has relied heavily on water conservancy projects to develop the grasslands. By the end of 1988, 26,600 fenced pastoral areas have been developed with water conservancy facilities and 58,000 wells have been drilled to irrigate the grasslands.

The grassland improvements have contributed to the steady development of animal husbandry. The 47.5 million head of livestock in the region now have adequate forage.

The lives of the herdsmen have also changed a lot. In 1988, the 1.6 million people on the grassland had a per capita income of 850 yuan (about \$229 dollars), an increase of 3 times over that of 1980.

Inner Mongolia Benefits From Animal Husbandry*HK1610033689 Beijing RENMIN RIBAO in Chinese 11 Oct 89 p 2*

[Dispatch by reporter Ao Teng 0277 7506: "Inner Mongolia Reaps a Bumper Harvest in Livestock Breeding"]

[Text] Hohhot, 10 Oct (RENMIN RIBAO)—This reporter learned from relevant department of the Inner Mongolia Autonomous Region that about 150,000 tons of beef and mutton will be on sale in market this winter.

On the basis of rich harvests in the previous years, Inner Mongolia has reaped another bumper harvest in animal husbandry this year. By the end of June, the amount of livestock on hand was 47.5 million (heads), which was a historical record in this region. It is thus predicted that a total of about 10 million heads will be slaughtered this year, supplying 200,000 tons of meat. Apart from those sold and consumed by the herdsmen, there will still be 150,000 tons to be sold in the markets both inside and outside the region.

The four grasslands, namely, Xilinguole, Wulanchabu, Wulate, and Eerduosi, are the major beef and mutton production areas in Inner Mongolia. Thanks to the good quality of grass, the beef and mutton produced in these areas are of very good quality and are welcomed by the consumers both inside and outside the region. This year, as there is an ample supply, the purchase price of beef and mutton is about 4.4 yuan per kg in the production areas.

The regional government recently decided to open all the beef and mutton markets in the region and allow all consumers from both inside and outside the region to go directly to the production areas to purchase beef and mutton. All unreasonable charges on the purchase of beef

and mutton have been abolished, and no one is allowed to obstruct the allocation and transport of beef and mutton from the production areas if all this is done with effective invoice and quarantine certificate.

Liaoning Reports Improved Cotton Output

SK1410042289 Shenyang Liaoning Provincial Service
in Mandarin 2300 GMT 12 Oct 89

[Text] Liaoning Province has reaped a better cotton harvest this year despite the serious drought. Now it is beginning to procure cotton harvested in this year. By 5 October, the province procured 15,640 dan of new cotton. The daily average procurement is more than 1,300 dan.

Shanghai Tea Exports

40060003d Beijing JINGJI RIBAO in Chinese
9 Oct 89 p 3

[Summary] From January to June, Shanghai exported 700,000 dan of tea.

Shanghai Increases Milk Production

OW1110144489 Beijing XINHUA in English
1310 GMT 11 Oct 89

[Text] Beijing, October 11 (XINHUA)—Shanghai has produced 375,000 liters of fresh milk a day so far this year, some 7.5 times the figure for 1978, according to the paper JIEFANG DAILY.

The Shanghai-based newspaper also reported that the city has basically become self-sufficient in powdered milk and other dairy products, and the varieties of its dairy products rank first in the country.

Now, the supply of fresh milk to babies, the aged and infirm, and to 100,000 schoolchildren in Shanghai is ensured, the newspaper quoted the manager of the city's milk company as saying.

Since 1984 the city government has adopted preferential policies for raising milk output, such as establishing a milk development fund, granting interest-free loans to dairies and increasing milk purchasing prices.

The newspaper said that more than 280 dairies have been built in Shanghai with a total stock of 70,000 cows, and the city's milk processing capacity has increased five times since 1978.

Peasant Income Survey Updated

900H0061a Kunming YUNNAN RIBAO in Chinese
8 Aug 89 p 2

[Article by Qian Yunsen 6929 0061 2773: "Peasant Income Increases; Gap Widens. Brief Analysis of a Follow-up Survey of 500 Peasant Household Family-Run Operations"]

[Text] Peasant income is an overall indicator of the level of peasant household family-run operations as well as the development of the rural economy. A follow-up survey of 500 peasant household family-run operations in the province conducted for 3 years running showed that with the further deepening of reform, substantial development has occurred in the entire rural commodity economy. Peasant income has generally increased, a small number of peasant households already beginning to move along the road to riches. This is a heartening situation.

The 500 peasant household families in the follow-up survey, which departments concerned in the provincial government organized, were randomly selected from five villages having different natural topographic and socio-economic conditions as being representative to a certain extent. In 1988, these 500 surveyed sample households had a net per capita income of 517.26 yuan, up 79.7 percent from 1986 in an annual average 114.68 percent increase, or 34 percent each year.

Changes in the income of sampled households during the past several years were characterized in several ways as follows: First was that the income of peasants from different natural topographic and socioeconomic categories increased substantially. Comparison of per capita income in 1988 with 1986 showed a 146.5 percent increase for 100 households in inland mountain villages where the economic level is medium to low, an 85.3 percent increase for 100 households in poverty-stricken high and cold inland mountain villages, a 76.8 percent increase for 100 households in part-mountain part-flatland inland villages at a moderate economic level, a 64.9 percent increase for 100 households in flatland areas at a fairly high economic level, and 49.9 percent for 100 households living in border region minority nationality mountain region villages at a low economic level. Second was a decline in the number of low income households, and a rise in the number of high income households. A division into groups on the basis of net per capita income for 1988 in comparison with 1986 showed a decline from 46.3 to 13.2 percent in the number of impoverished households having an income of 200 yuan or less, and a rise from 37.1 to 46.3 percent in the number of the clothed and fed households having an income of between 200 and 500 yuan. The number of wealthy households having an income of between 500 and 1,000 yuan rose from 13.8 percent to 29.7 percent, and the number of wealthy households with an income of more than 1,000 yuan rose from 2.8 percent to 10.9 percent. Third was a rise in income from commodities. Among the sample households, in 1988 cash income from the sale of farm, forestry, animal husbandry, or fishing industry commodities was 155.57 yuan, up 88.46 percent from 1986. Among peasant household family-run operations, cash income accounted for 54.6 percent of income was in cash, up 3.6 percentage points from 1986. Fourth was a rise in returns from peasant household family-run operations. In 1988, the ratio of peasant

household family operating expenses to income was 1:2.86, which was 0.66 yuan more return per 1 yuan invested than in 1986.

However, income was distributed unevenly. The per capita net income in sampled households in four of the five regularly observed villages was lower than the average. This included a per capita income of 1,122.40 yuan, 2.2 times again the average figure for Beicheng Village of Yuji City. In Yunshan Village in Lancang County, Luyintang Village in Huize County, in Yaoying Village in Wuding County, and in Jiangxi Village in Dali City, per capita income was respectively 42.2, 73.7, 90.3 and 90.7 percent of the average figure, and the income gap was expanding. In 1986, the difference in income in Beicheng Village was 4.7 times that of Yunshan Village. By 1988, the gap expanded to 5.2 times. The expansion in the income imbalance and gap is also reflected rather prominently between one household and another. In 1988, the highest per capita income household was in Beicheng Village. Its per capita income was 6,570 yuan. The low per capita income household was in Luyintang Village with only 37 yuan for a 178-fold gap. In Luyintang Village, which has the same natural and economic conditions, for example, where the highest income was 8.1 times as high as the lowest income in 1986, the difference widened to 25.9 times as much in 1988. This showed a continued trend toward increase in the peasant income gap.

Many reasons account for the widening of the gap in peasant incomes. Historical reasons, natural terrain, and socioeconomic differences aside, differences in individual peasant qualities, and farming ability give rise to unequal development opportunities. This showed up specifically in the following several ways: First was differences in the quality of labor. In low-income households, only 3.3 percent of the workers possessed special skills or had had vocational education and training. In high income households, by contrast, 50.3 percent had taken training. In addition, in low-income households, 79.7 percent of the people were illiterate or semi-illiterate. In high income households, the percentage was only 13.4. Second was differences in family burdens. Low-income households averaged 5.6 people per household, each laborer supporting 2.1 people. Low-income households averaged 4.6 people per household, each laborer supporting 1.6 people. In low-income households, the average burden coefficient per laborer was markedly higher than in high income households. Third was differences in the amount of assets. Low-income households had productive fixed assets worth 115.80 yuan, while high income households had 464.70 yuan worth of fixed assets, a four-fold difference. Fourth was differences in the scope of activities. In low-income

households, only 1.7 percent of the workers had jobs in township and town enterprises, in partnerships, or went outside the village to provide labor services; 5.1 percent of the total labor investment was in secondary and tertiary industries. In high income households, by contrast, the percentages were 56.1 and 49.1 percent respectively. Clearly, low-income households were still involved primarily in traditional agriculture. Fifth was differences in investment in production. In low-income households, family-run operation expenses were 441.90 yuan per year. In high income households, the amount was 2,641.70 yuan, the latter being six times the former. This showed that low-income households' extremely limited ability to increase investment directly impaired the development of production. Sixth was differences in labor productivity rates. In low-income households, net income per work day was only 1.28 yuan; in high income households, it was 17.94 yuan, or 14 times as much. Low-income household per capita income was only one-ninth that of high income households. Seventh was differences in commodity rates. In low-income households, the total commodity rate from farming, forestry, animal husbandry, and fisheries was only 19.1 percent. In high income households, it was 54.5 percent. Eighth was differences in internal and external availability of funds. After offsetting gross income against gross expenditures for the year, in low-income households, per capita expenditures were 117.40 yuan greater than income, meaning that income was less than expenditures. In high income households, by contrast, income was 821.40 yuan greater than expenditures. In terms of external availability of funds, low-income families received only 6.76 yuan per household in loans from banks and credit cooperatives, while high income households received 267.86 yuan. This showed that frequently the poorer one was, the more difficult it was to get a loan. Some low-income households frequently found it difficult even to maintain simple reproduction.

To summarize the foregoing, under commodity economy conditions, uneven development is a general law. It is very common for differences to exist despite the general rise in peasant income. Furthermore, the existence of the various foregoing internal and external conditions in peasant household commodity production create differences in income between one household and another, and the trend is toward continued expansion during certain stages. One has to clearheadedly recognize this. Such a recognition will help party and government leaders, and departments concerned at all levels to study diligently the formulation of policies and actions that help low-income households escape from poverty to become wealthy. It will also help the broad masses of peasants improve and uplift their own level of farming in keeping with development of the commodity economy to take a common road toward prosperity.

Scholar Liu Xiaobo Comments on Political Role of Intellectuals

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[CONTENDING] in Chinese No 141, 1 Jul 89 pp 74-77

[Article by Liu Xiaobo 0491 2556 3134: "Contemporary Chinese Intellectuals and Politics—Chinese Intellectuals Are Not Afraid of the Whips and Prisons Under the Autocratic System, But They Cannot Hold Out in the Face of Benevolence and Kind Strokes From the Emperor; Their 'Loyalty' Is a Kind of Art of Ingratiating Themselves With the Despot, and Any Kind of Material Enticement Will Seduce Those Intellectuals Who Are Willing To Speak Out Into Abandoning Their Resistance and Compromising With Reality; Chinese Have Never Known the Spirit of Genuine, Conscious Repentance, and This Not Only Sets Them at Odds With the West, But Makes the Chinese Intellectual a Much Lowlier Breed Than the East European Intellectual; in China, People Have the Dual Status of Master and Slave—Part III"; Part I published in JPRS-CAR-89-047, 17 May 89; Part II published in JPRS-CAR-89-088, 21 Aug 89]

[Text] Ingratiating Oneself Into Mighty Imperial Favor

In reality, a good portion of the "loyalty" of the Chinese intellectual consists of ingratiating himself with those who are in power. This includes those hermetic recluses who stand aloof from worldly things. They too can play a fairly clever game of ingratiation. The reason Chinese intellectuals stand opposed only to corrupt officials and fatuous rulers but do not rise in opposition to the despotism of the autocratic system itself is because of the ignorance I pointed out earlier—they are not aware of the decadent nature of the autocratic form of government, and also because they are content to protect their vested interests and they like to be worldly-wise and play it safe. "Advance during times of prosperity and retreat during times of chaos;" "Stand out when the ruler is brilliant, and retire when the ruler is fatuous;" "If you have morals, consult with the ruler, but if you have no morals, it is best to retire and keep away;" "If you are poor, lift yourself by your bootstraps, and if you have made it, spread your munificence around." These ancient teachings still have an enormous effect in modern China. Roughly speaking, there are two types of intellectuals who believe in these teachings: The first type are those who feel that "everyone is intoxicated, I alone am sober." These types wouldn't think of stooping to work under a foggy-headed ruler. They capitalize on their retirement from the worldly fray, as they await the reemergence of the brilliant ruler. The other type of intellectual is the scholar who acts worldly-wise and plays it safe out of self-interest. This type retreats only for the purpose of making an even greater advance. However, because all Chinese intellectuals know that their best route to success is through an official career, because Chinese intellectuals have traditionally been given power and have been bureaucratized, and more important, because of the all-pervasive opportunism of contemporary Chinese politics, nearly every choice

made by Chinese intellectuals in the past or today has been inextricably bound to a self-serving political consideration. In the old days, such recluses as Tao Yuanming and Wang Wei had their own courtyards they could retire to, where they could play music, enjoy a game of chess, read, paint, or study Buddhism, and thus force themselves to forget about life in officialdom. But in contemporary China, one can truly say that intellectuals don't have a thing to their name, and it is basically useless for them to try to remold themselves. After all, they are proletarians. Nothing escapes the authorities in China and intellectuals have no gardens to retire to where they can enjoy their flowers, play music, read, or compose poetry. Wherever they go, the government follows them.

However, what is more important is that the so-called emergence or retirement of the Chinese intellectual is not truly a function of his disillusionment with the mortal world. Rather, it is just another technique for entering into the game. Under certain circumstances, intellectual retirement and emergence is a way of playing hard to get so government officials will come to one's door and beg one to take an important post. And moreover, if one plays hard to get he can reserve for himself a reputation of being virtuous, and in China virtue is politics. Upright and noble characters are not associated with corrupt officials and fatuous rulers. Thus, to evaluate the character of a Chinese intellectual is actually to evaluate his political acts. Often, those who take an opposing stand are only trying to get more favorable political treatment. In a certain sense, one can say that historically China has had numerous persons willing to oppose tyrannical rule, but very few persons have been willing to oppose benevolent rule. People have been willing to take a stance of opposition when they are being persecuted, when they are loyal but met with distrust, and when they pay homage but are not accepted. But when they are recognized as loyal and trustworthy by officialdom, when their complaints and demands are listened to, and when they are given political position and fame, their opposition soon becomes obedience for the purpose of achieving their vested interests. One warm stroke from the despot will erase the memory of a thousand furious curses. This is perhaps one of the inherent reasons why "benevolent government" never goes on the decline. Present the various material enticements to a scholar who dares to criticize the government and he will never again put up a struggle of opposition. He will make a compromise with reality.

In China, it is hard for antitradition or antidespotism trends to last for long. There are many reasons for this, but I feel there are three main ones: first, the ignorance of most Chinese people (including the intellectuals); second, the brutality of the despots, which casts fear into the hearts of every Chinese; and third, recognition and bribery by the rulers that weaken the will of the opposition, which no longer is willing to pay the price. The first and third reasons are most basic, and the second reason is secondary in importance because brutality of a despot

is the same everywhere. In Hitler's Germany, Stalin's Russia, or Mao Zedong's China, despotic brutality is always the same. If we clearly understand the essence of despotism and resolve to oppose it, then the brutality of despotism will not be a primary obstacle in our mission to overthrow it. Our primary obstacles are a lack of awareness about the essence of despotism and the practice of being worldly-wise and playing it safe so as to protect one's vested interests. I have previously talked about the first point, and now I would like to discuss the third point.

Chinese despots have used but two techniques to deal with our courageous and insightful intellectuals—benevolent rule (Confucianism) or tyrannical rule (legalism). After suppressing the intellectual, you must pacify him and, if you cannot pacify him, then suppress him. Behind the smiling faces and the charity lurk shackles and whips. But, some Chinese literati take in only the smiling faces and fail to notice the whips. Thus, Chinese despots have found mollification of the intellectual to be a time-honored method. One can turn an opponent into an ally by acknowledging his views, conferring on him a fairly high social position, boosting his reputation, or lavishing upon him material munificence. Some persons in power have found that they could assimilate the force of the opposition exercised by persons holding divergent political views by becoming chummy with these persons and treating them as pals. In the old days, there were three primary types of relationships between intellectuals and persons in power: those of teacher, friend, or lieutenant. In the *Warring States Chronicle—the Yan Strategy*, we find a record of "the emperor and his dealings with his teachers, the king and his dealings with his friends, and the overlord and his dealings with his lieutenants." A similar account of this is made in *The Historical Records of Ssu-ma Chien*. However, regardless of which kind of relationship is employed, the intellectual is not allowed to speak his mind. The ideal situation is one where the ruler treats the scholar benevolently, and the scholar remains loyal to the ruler. Intellectuals are primarily lieutenants, and only concurrently act as teachers and friends. But, when the ruler treats anyone as a teacher or friend, it is an act of charity, and there is absolutely no equality involved. More important, even those intellectuals who are willing to stand in opposition are not truly dissatisfied with despotism itself. None make firm or clear-cut demands for democracy or equality. Rather, they are or they become loyal lieutenants, or else they make material demands (material goods, reputation, power, position, and so forth). Thus, as soon as the ruler meets their demands or confers on them a degree of nobility, intellectuals have nothing they can grumble about and they can only toe the line and be loyal to the existing system.

In contemporary China, by conferring the title of department head, bureau chief, people's representative, or standing member of the Chinese People's Political Consultative Conference, by extending the laurel of people's artist or scientist, by proclaiming someone to be a

renowned artist or scholar, and if you add to these things the concomitant privileges, then you can easily crumble the collective opposition of intellectuals and suffocate any independent thought they might have. As long as one has not achieved his ambitions, he will be in opposition, but once he achieves his goals he will become a colleague and may even support the existing regime with more ferocity than the emperor himself. (Witness Fei Xiaotong [6316 1321 6639], Qian Weizhang [6929 0231 7022], and many of the famous intellectual geniuses overseas like Yang Zhenning [2799 2182 1380].) Among the rehabilitated rightwingers are many who were truly wronged. And, in fact, all of them were liked as "leftists" and touched people as "leftists." Also, there are some intellectuals with so-called unyielding integrity who will fight despotic tyranny to the death, but who cannot resist the favors bestowed on them by despotic power. They do not fear the whips and jails of the despotic regime, but they are unable to hold out in the face of the mercy and stroking of the emperor. In the face of the mighty imperial grace, Chinese intellectuals have forever seemed to be like children who are open to persuasion, but not coercion. What I want to emphasize is that, as long as despotism doesn't change, the true opponents will be those intellectuals who are fully aware of the essence of despotism. They will oppose both the tyranny (whips and jails) as well as government benevolence (smiling faces and pats on the back). They will neither fear the brutality of the despot nor weaken in their resolve when faced with imperial favors. They will understand that brutality and favors are two sides of the same despotic face. Neither side represents an essential change in despotism.

Under this backdrop of intellectual opponents accepting amnesty and gladly serving the ruler, we can see the ignorance of the intellectuals and also the fact that they lack even a rudimentary social consciousness and are mastering the lesson taught by Laozi that "selflessness is much more powerful than selfishness." Many intellectuals don't accept favors out of mere ignorance, and some are actually not completely ignorant about despotism. But, their individual selfishness influences their attitude toward despotism. In this Chinese society with despotism at its core and high degrees of power and politics exerting their influence, the best way to enjoy personal gain is to become an official; "a good scholar will become an official," and thus he can get paid like an official. Second, many well-known literati become the friends, teachers, or advisers of those in power. Of course, the most direct and beneficial way of achieving personal gain is through joining the government and becoming a piece in the bureaucratic structure. This is because "everything comes with power." Thus, whether historically or in modern-day China, the first "natural route to higher power" for the Chinese intellectual lies in "a good scholar will become an official," and through his entrance one way or another into official circles, he will grasp power. Most of the "first-rate sages" of ancient times had no way to get into officialdom, so they had no

alternative but to become men of knowledge. In contemporary China, too many famous scholars finally end up bureaucratized.

Another route is to first become a famous cultural figure, and then reap your profits. Through a long series of tussles for power, Chinese intellectuals have come to understand the psychology necessary to get a grasp on power. They know that the ruler hopes to stabilize his power, and aside from dealing with coercion from other tyrannical factions, he must appease the people, and particularly the cultural celebrities in society. Thus, some clever celebrities from cultural circles have mastered the art of curbing their desires at first, only to make them known later. Once they become famous, they deliberately retire from the world, drag their feet, and appear unwilling to ever return. This is particularly true when the actual benefits and power that the power elite confer on them don't measure up to their degree of social fame. They put on a certain air of noncooperation, conceited righteousness, and virtue, until "the government comes knocking with an offer of an official position." Then they come out of retirement. This strategy of first refusing, then cooperating, and first retiring from the world, then returning to get material benefit not only enables one to reap even greater material benefits, but also can win for a man of lofty morals a reputation as a paragon of character in the minds of posterity. These famous persons are everywhere in past, recent, and present Chinese history—we find them in such ancient books as the *Commentary on the Spring and Autumn Annals* of the early Qin dynasty, with its accounts of persons sponging off officials and the exploits of the maneuvering artists, in Zhuge Liang of *Romance of the Three Kingdoms* fame, and in celebrities of more modern times. However, the old masters of retirement were a bit more natural and unrestrained than their modern counterparts. Nowadays, Chinese intellectuals are more impatient and they will bite at the first bait that comes their way. And there are some who find themselves past the age of 70 and go so far as to stretch out their hands to get an official post (like Zhou Gucheng [6650 6253 1004] and his ilk). Throughout Chinese history, perhaps only Zhuangzi saw through the darkness of politics. He repeatedly turned down offers of officialdom, preferring to live a life of obscurity, and he didn't go off to become a big shot in the political arena.

However, if we scrutinize history, we will be surprised at how clever some have been in making their way into the limelight. Because the so-called "recluses" were all extremely famous, the ancient books make reference to many of them and praise their moral fiber. If they have truly seen through life, then why would they desire to leave their name for posterity? This includes Zhuangzi. As for people who have truly lost all hope, I think silence would be the only answer. But, from Zhuangzi to Tao Yuanming and Wang Wei to modern folk like Lin Yutang, why do they all find it necessary to leave behind so much philosophy of life concerning "re-creation in the spirit of inaction." Why do they desire to teach others

about this and that? Why do they hold that "detachment" and "big-heartedness" are the highest attributes a man can have in life, and then proceed to beat this theme to death? Famous Chinese intellectuals throughout the ages have either been in government favor, or have retired as "recluses," and we can see that the "recluse" too has held an important position in man's affairs. Thus, instead of saying that "retirement" is made for the purpose of renouncing worldly affairs, we should say that it is another way of making it in the world. Even those who withdraw after an achievement still haven't actually retired from life. The so-called "inaction brings no cause for action," the so-called "unique and solitary persons are valued most highly," and the so-called "worthiness derives from reclusiveness, not from the crowd, and yet the crowd cannot be unworthy because the crowd is worthy" are all clearly self-confessions of the "way of a recluse." If one draws a posthumous lesson from Laozi, the most authoritative master on retirement, this is so-called: "excellence comes from being a recluse."

Thus, whether they are of the variety who are finally persuaded to join in the game by "officials knocking at the door" or of the variety who retire for good and never accept an official position, most Chinese intellectuals who stay aloof from politics and worldly considerations have not, in reality, truly retired from the world. Actually, their true goal is to enter the world more safely (politics is too dangerous). In my view, their "retreat" is done for the purpose of "advancement," their "retirement" is done for the purpose of "emerging," and their "renunciation of the world" is done so as to more subtly "come into the world." In the last several thousand years, this wonderful drama of retirement, then emergence, renunciation, then joining up, and retreat, then advancement, has been played out again and again between the poets of culture and the emperors. I see it like a comedy played out with a young child demanding candy from his mother. She gives him a piece, but he won't eat it. She gives him two pieces, then three, but he still shakes his head and starts to cry, covers his face, and kicks his feet. When mother offers him a huge handful of candy, he begrudgingly accepts it. And as soon as mother turns away, he can no longer contain himself and breaks out into a huge grin. In China we have had numerous persons of power in the mold of Liu Bei, and naturally we have also had many literati in the style of Kong Ming. The relationship between Liu Bei and Kong Ming was indeed about the best kind of relationship there can be between a person of power and an intellectual under a despotic regime. Thus, this story has been passed down for millennia and it retains its popularity. With a ruler as benevolent as Liu Bei and a lieutenant as loyal as Kong Ming, what cultural figure with high aspirations will ever bow down to five dou of rice? I truly have my doubts whether Tao Yuanming, if faced with the same modern opportunity to achieve a high-ranking position such as standing member of the Chinese People's Political Consultative Conference, would persist in "picking chrysanthemums along the eastern fence and gazing leisurely at the mountains to the south." However, we cannot deny

the fact that at times these dramas have fallen through unsuccessfully. Their failure, however, was not due to the stupidity of the person holding power and his inability to see the true value of the person before him. Rather, it was because the cultural figure went too far and didn't know how to express gratitude for a favor. Because of this, we can see that when a cultural figure tries to play out this drama he must have a good feel for what is proper, he must know both himself and his adversary, and he can't just blindly profess to be aloof from politics and worldly matters.

It must be pointed out that this relationship wherein "the ruler treats his lieutenants with benevolence, and the lieutenants give their loyalty to the ruler" does not change from being a master-slave relationship solely because of the aloofness of the cultural figure and the benevolence of the emperor. The despot is merely using his power to cleverly offer amnesty and enlist a bright slave, or else to purchase an elegant decoration, and the cultural figure is using his fame as capital to cleverly win a job as a high-ranking lackey or to become a decoration for the emperor's throne room. A dog does not suddenly become master when the rope around his neck is exchanged for a gold chain. What does happen is that he is filled with joy, he nods his head, and wags his tail with even greater obedience, and his obsequiousness becomes genuinely charming.

Self-Embellishment Out of Conceit

People who don't believe in God or else don't have a god inevitably become arrogant and "conceited." The Chinese are this way, in particular, Chinese intellectuals. Chinese intellectuals, gifted with the Confucian legacy of "human character is the highest aspiration," and having read the Four Books and the Five Classics, act as smug as if they were about to enter paradise. "Heaven has put me on an important mission," "who else but me will serve others," "all things begin from me," "the mind of the sage is with heaven and earth," and "only royalty would face South alone"... We only need to open a book, be it the Confucian *Analects* or a modern day biography, and everywhere we will find immortal saints and heroes embarked on great missions. It would be difficult to find a book like the *Confession Annals* of the West anywhere in Chinese history. Chinese Buddhists only chant scriptures to Buddha, they don't repent of their sins. They only pray, they don't atone for their past misdeeds. They only beseech their god for happiness in the next life or for material well-being in this life, they don't give a candid account of the evil in their hearts. The metaphysical discussions of Chinese intellectuals are a way of decorating the doorway so they can view themselves as having transcended the commonplace and having broken with the conventional. The sense of "original sin" that those in the West have causes Westerners to face frequently their inner feelings of wickedness, weakness, or criminality. But, the "cheerfulness" of the Chinese prevents them from ever facing up to their own inner reality. Chinese intellectuals have never known that, due to the fact that there is an all-wise God outside

of the world of man, man doesn't amount to anything and that they don't amount to anything. Chinese intellectuals have only known that "mine is the most valuable existence in the world." As a people, Chinese have never had a sense of a "national" boundary. Rather, they have referred to "heaven," with the so-called "emperor of heaven" dominating the universe. Thus, the idea that China is "the center of the earth" is still quite rooted in the minds of the Chinese. The way of the ancients was that all other nations were to pay tribute to the sagacious emperor of heaven, and during the Opium War, didn't the Qing dynasty emperor view the foreign emissaries from such nations as France and England as "vassals on a pilgrimage?" Today, people say that not only must the Chinese liberate themselves but they also must liberate the whole of humanity. The so-called "keep your heart in China but your eyes on the world" actually means to keep faith in such ambitious goals as "the emperor of heaven" or "in liberating humanity." The *River Elegy*, a political drama for television that recently got quite a reaction both at home and abroad, repeatedly stressed "the Chinese will never again be beaten," "China was once powerful and prosperous," and that China must move out into the world. This drama left many with the feeling that it was advocating hegemony. Whether one looks at the composition of the work, the commentaries on it, or just watches the entire film, there is an unmistakable sense of a latent desire to subjugate the world. If China was meant to be the center of the earth, and if it was the center of the earth, then why has it fallen down in modern times? Behind the slavish sense of inferiority and humility, there lies a certain pride and vanity in having once been the master.

The Chinese have always lacked a sincere and conscious sense of repentance. We have always tried to place the blame for a mistake on the next person, while claiming success, fame, and truth for ourselves. "Excesses" were not only a product of the Cultural Revolution, but are also the bad seed passed down to us in the legacy of Chinese history. The rulers have been "conceited," the ruled have been "ultra-obsequious," and is it any wonder that in Qu Yuan's long poem *Departing Complaints* we can't see the self-embellishment that is going on in his "ultra-obsequiousness"? A race of people noted for their "selfishness" is the inevitable product of despotic politics existing in a culture and reality where people have the view that "human character is everything." The "Third World" theory created by Mao Zedong put Mao himself in the position of leader of the proletarian revolution, and the "internal and transcendental" cultural figures who are sufficient unto themselves posit the moral quest of the Chinese intellectual as the highest aspiration in life. But, the introspection and self-criticism of the modern Western man with his view of the "theory of Western cultural centrality" have provided the Chinese literati with a more powerful backdrop for moving out into the world. It is precisely under these conditions that the contemporary Chinese intellectual has dressed himself up the most splendidly. There would be no point in making comparisons with the

self-criticism and spirit of repentance of Western intellectuals, and even the Soviet and East European intellectuals are miles ahead of the Chinese.

Everyone knows about the peaceful Russian folk intellectuals of the 19th century and the strength of their introspective spirit. "Surplus people" [duo yu ren 1122 7411 0086] is the result of this type of introspection. The introspection of Tolstoy reached religious dimensions in his later years. The intellectual soul-searching of such writers as Dostoyevsky is enough to stir our hearts. They vividly portray the inevitable weaknesses, hypocrisy, wickedness, and even the inner sense of despair that come with being an intellectual. In today's Soviet Union, despite having lived through Stalin's reign of terror, the contemporary Soviet intellectual still doesn't expose Stalinism in the way the Chinese intellectual exposes the Cultural Revolution—with an eye toward keeping his own name clean. While exposing the brutality of Stalinism in *Cancer Ward* and *The Gulag Archipelago*, Solzhenitsyn also found space to unemotionally critique his own weaknesses. Solzhenitsyn poses the following question for himself and for all others who have been persecuted: "Why do we, the innocent victims of persecution, sit like sheep and helplessly await our deaths? Why do we not rise in opposition? Is there possibly a relationship between the ferocity of the tyrant and our own stupidity and weakness?" The exiled Czech writer Kundela [2492 1795 2139] never showed much sympathy or embellishment for the intellectuals he wrote about in his representative works. What he did do was mix jesting and satire into his writings about the tragic lives and character weaknesses of a generation of Soviet intellectuals under the reign of tyranny. These writers treat themselves and other similarly situated intellectuals as parts of the despotic system to be analyzed. They don't cover up their own weaknesses or try to elicit sympathy through depictions of their woe. And least of all do they set themselves up as heroes who opposed the despot. Rather, they courageously address their own ugliness.

The May 4th Movement represents the only time Chinese intellectuals have been willing to engage in self-criticism. If we read something written during that period, we find Chinese intellectuals analyzing their own weaknesses, perplexity, and inner wickedness in ways never before seen in Chinese history. A soliloquy in the style of Yedafu [5102 6671 1133] represents the first instance of the spiritual power of repentance, and the works by Lu Xun contain such courageous self-denial and depth of introspection that Chinese intellectuals can only dream of achieving this. Some of Lu Xun's writings even approach a humanist depth. Lu Xun's *Crying Out* and *Wandering* can be seen as examples of his own inner discourse. The collection of farmers and intellectuals he portrays can be seen as double-barreled introspection on his own life as a farmer and an intellectual. When we look at the heroes Lu Xun wrote about, we see the warrior in *The Wild Grass* living out his life in loneliness, hesitancy, depravity, and even despair. The main characters, Juan Sheng [3197 3932] and Zi Jun [1311 0689], are also commendable for their courage, even though in

the end they lose out to time. The search that an insignificant life leads for a new life is guided by lies and wickedness, and the path to that new life appears to be as winding and as tortuous as a snake. The most profound of Lu Xun's writings is "Ah-Q." The human type depicted in this work is not only the illusory, self-deluded "spiritual victor," but also the "conceited," arrogant man. Every time Ah-Q is beaten he tries to turn it into a heroic victory on his part, just as China did in turning up its nose in moral disdain as Western culture threw down the gauntlet. Since the revolution, everyone has wanted to play the role of being most revolutionary; like Lord Zhao and those fake foreign devils would disallow Ah-Q to engage in revolution, Ah-Q would in turn disallow Little D and Big Beard Wang to engage in revolution. In Mo Zhuang, everyone goes about harming and scorning others while keeping looks in their eyes that say "I am the most powerful revolutionary." This is just like during the Cultural Revolution when everyone proclaimed that he alone was "most loyal to Chairman Mao." The Chinese penchant for "fighting within their own nest" stems heavily from the mischief caused by these "conceited" characters. In all fairness, although all Chinese have been slaves at one time, there is not one of us who also hasn't been a master. The lieutenant is a slave to the emperor, but is a master to the masses. The masses are slaves to the bureaucracy, but to their wives or children they are masters. Chinese housewives always say that they are utter slaves, but this isn't completely true. A 20-year-old daughter-in-law will one day be a mother and a grandmother, and will then become a master over her children and her daughter-in-law. This is because Chinese simultaneously hold the status of master and slave. Everyone, while bearing their position as slave, can look forward to the day when they will become master.

After 1949, this "conceited" character trait was developed to new heights. Not long thereafter, Chinese scorned the world with their arrogant "we are the center of the universe" attitude of self-reliance. The leaders said that they were the most brilliant leaders in the whole world, the ruling party said that it was the greatest, most glorious and correct party, the government said that it was the most democratic in the whole world, and the people proclaimed themselves as the most hardworking, bravest, and wisest of all people in the world. And these innumerable "excesses of superlatives" were all propagated by the pens and tongues of the intellectuals. Everyone knows that in the series of political movements following 1949, and particularly during the Cultural Revolution, those who had the good fortune of not incurring the wrath of the despots were precisely those persons who participated in the movements with the most enthusiasm and zeal. Moreover, they all assumed airs of "I alone am the true revolutionary," "I alone am the true leftist," "I alone am doing the most to protect Chairman Mao's revolutionary line," and some even went so far as to proclaim "I alone have the power to

make revolution." Fighting and bickering among religious factions (including scholarly debates) always proceed from the assumption that the other side is without a single redeeming virtue, whereas our side is absolutely and eternally correct. Lin Biao proclaimed Mao Zedong to be the greatest genius in the world, and Mao Zedong announced that Lin Biao was his most ideal successor. All over China people regarded Mao as the great emancipator and the source of light, and when Mao shouted "long live the people," the people shouted back "and a longer life to Chairman Mao."

(To be continued)

Journal Criticized for Disrespect of Mao

HK2010021189 Beijing ZHONGGUO XINWEN SHE
in Chinese 0336 GMT 18 Oct 89

[Report by reporter Wang Jiabin 3769 0163 2430: "Beijing Once Again Stresses the Importance of Upholding Mao Zedong Thought on Literature and Art"]

[Text] Beijing, 18 Oct (ZHONGGUO XINWEN SHE)—WENXUE PINGLUN bimonthly, an authoritative journal of literature and art theories, has made an open criticism in its latest issue. An article entitled "We Cannot Evade History" published in Issue No 4 of the journal was criticized for disrespecting Mao Zedong Thought on literature and art.

Such a problem is regarded as a "serious political mistake." The Chinese Academy of Social Sciences has instructed the journal, which is under the Institute of Literature, to investigate the case and reorganize itself. In the latest issue of the journal, no namelist of the editor in chief and editors is attached. Its previous editor in chief was Liu Zaifu, and members of its editorial board included Liu Binyan.

Zhang Jiong, a commentator of modern literature, published an article, "Mao Zedong and Chinese Literature," in the latest issue of WENXUE PINGLUN, setting a high value again on Mao Zedong Thought on literature and art.

A few days ago, some literature and art organizations, including Yanan Literature and Art Society, held a discussion in Beijing, stressing that Mao Zedong Thought on literature and art is still the guiding principle of literature and art work. The discussion again and again accused some academic articles recently published in newspapers and journals, of regarding Mao Zedong's thinking on literature and art as "political pragmatism," "purely folk literature and art," and "literature and art of conspiracy." Official newspapers and journals have also successively published a number of commentaries and editorial on this issue.

According to sources close to the literature and art circles, all these debates are actually the continuation of the struggle between orthodox literature and art and the new ideological trends of literature and art. Mao Zedong Thought on literature and art has been mainly reflected in "Talks at the Yanan Forum on Literature and Art." The main theme of the talks is that literature and art must serve politics, workers, peasants, and soldiers. At

the Fourth Congress of Writers and Artists held after the smashing of the gang of four, Deng Xiaoping changed this into literature and art serving socialism and the people, and called it the "two directions of services" for short. His idea has been regarded as an extension of Mao Zedong's thinking on literature and art.

Legal Measures Ensure Better Conditions for Teachers

OW1910050889 Beijing XINHUA in English
0146 GMT 19 Oct 89

[Text] Beijing, October 19 (XINHUA)—China is taking legal measures to ensure the standard of living of primary and middle-school teachers, today's CHINA DAILY quoted an official from the State Education Commission as saying.

Regulations governing housing of primary and middle-school teachers, the first of its kind in the country, are being drafted by the State Education Commission.

This is one of the recent moves the country has taken to improve teachers' living and working conditions and to revitalize education.

The regulations, which will be promulgated by the State Council, specify rules on the criteria, planning, and distribution of houses built for primary and middle-school teachers.

Preparation on the drafting started last year, when calls for more attention to the nation's education needs were voiced strongly.

Governments in some areas, such as Hebi City of Henan Province in central China, have already adopted their own regulations to protect the interests of primary and middle-school teachers. Teachers in rural areas usually occupy less spacious houses than people in other occupations. The situation is even worse in the cities.

Information from the commission reveals that urban primary and middle-school teachers live in an average space of 5 square meters, compared with more than 6 on average level for other urban residents.

The problem is due mainly to decade-long neglect of teachers' housing needs.

However, compared with the past, the country has a good record in improving teachers' housing conditions. The average living space of primary and middle-school teachers was only 3.8 square meters per capita in 1983 in urban areas.

According to incomplete statistics from the commission, central and local governments have spent more than 2 billion yuan on apartments since then in 24 provinces, municipalities, and autonomous regions.

Poor living and working conditions in primary and middle schools have forced many teachers to resign from their posts over the past few years.

The problems have now attracted widespread attention and the Government has been trying to raise their wages and adopt other measures to alleviate the problem.

Criteria Outlined for Military Man's Image

900N0058b Beijing JIEFANGJUN RAO in Chinese
8 Sep 89 p 3

[Article by Hu Guangzhong 5170 1684 1813, Zhang Guoan 1728 0948 1344, and Zhou Xiaoyun 6630 2356 0061. "A Brief Discussion of the Military Man's Image"]

[Text] If we were to give an examination question on "the image in your mind of a modern military man" for everybody to answer, it is highly likely that in many, many papers it would be difficult to find a completely consistent understanding. Many similar questions could be posed. This shows that in our theoretical research it is necessary to explain the most simple questions and to give a theoretical interpretation of things about which there is general knowledge.

"A military man must be like the model of a military man." In recent years theoretical workers have said this, and in the units some comrades who do actual work have also said this. But, in the final analysis, what should be the model of a military man? We think that a military man's image should include the external and the internal, both the visible and the invisible aspects, and should be a harmonious blend of the internal disposition and the external manifestation.

The Military Man's External Image

Well-disciplined military bearing. This is a necessary form for strengthening and improving the rank-and-file soldiers' fighting will, and is also a question to which strategists in ancient and modern times, in China and abroad, have universally taken seriously. In the period of the Three Kingdoms, the famous strategist Zhuge Liang listed "well-disciplined military bearing" as one of the factors deciding victory and defeat in war. During World War II, the first thing that U.S. Army General Patton did on taking command of the 2d Army was "to rectify military discipline and bearing." Napoleon enforced well-disciplined military bearing to enhance the military man's sense of honor. He once personally designed a splendid uniform for his generals. The PLA [People's Liberation Army] also takes military bearing seriously, and it makes well-disciplined military bearing one of the demands of the PLA's modernization and regularization. Practice proves that a well-displayed bearing, brimming with the military man's special gracefulness, plays the role of exerting a subtle influence on the military man's formation of the habit of obeying orders and unifying actions and on enhancing his sense of honor. Looking through this window of bearing, discipline, and appearance, people not only can see the spiritual appearance of the units' officers and men, but also can see the units' work style, attainments, and combat effectiveness.

Correct deportment. Deportment and bearing are inter-related. Good deportment of a military man can show his special demeanor and self-cultivation. As a military man he must be particular about his speech and deportment: Standing like a pine, with an impressive presence

and filled with vigor; sitting like a clock, steady and dignified, natural and unrestrained, and self-possessed; moving like the wind, with correct and strong posture, and being powerful and self-possessed; speaking politely, getting along with people with courtesy; and abiding by public order and respecting social ethics. That kind of indolent demeanor in which one doesn't know how to stand or sit properly is incompatible with the military man's image.

Robust physique. A healthy body and a well-proportioned build not only project the strong and handsome image of a military man, but also is advantageous for improving his military quality, enhancing the troops' combat effectiveness, and meeting the requirements of modern warfare. For this reason, the famous generals of ancient and modern times, when training troops, stressed that the soldiers must be trained to become powerful warriors who were able to "climb higher and march farther," "march well with light steps," and "run like a galloping horse." In their troop training, foreign armies attach much importance to the military man's physique. In the promotion of officers of the U.S. Armed Forces, "body weight" is one of the important criteria. Federal Germany requires that its commanding officers meet 13 conditions for becoming models for their troops, and the first condition is that they have a "robust physique." In its troop training, the PLA has a lot of experience in military sports training, and at one time a cadre could not be promoted if he did not reach the prescribed standard in sports tempering. This experience and practice should still be extant.

High morale. Morale is the spiritual quality of the armed forces and the most fundamental factor in winning victory. Napoleon said: "Victory or defeat in war depends three-fourths on morale and one-fourth on relative military strength." China's ancient military treatises contain the special theories of "encouraging soldiers," "extending spirit," "uniformly displaying power," and "waging spiritual battle." "In war people fight with their spirit; if their spirit is intact they will fight, but if their spirit is gone they will flee." "Victory is a gain in power, defeat is a loss in spirit." "One who is skillful in using troops cultivates their spirit, stores it up, and when the troops are full of anger takes them forth and uses them." These are statements from experience and those who command troops should engrave them in their minds.

Intense work style. "If you say fight then we fight, if you say do something then we do something; we practice over and over with gun, bayonet, and hand grenade." This sonorous and powerful quatrain fully reflects the military man's intense work style of being vigorous and swift. The life of a military man means intensity. From opening one's eyes to sleeping after "lights out," one's affairs are restrained by time and bound by regulations. However, it is precisely this intense military camp life that completes the transition from civilian to military man.

The Intrinsic Character and Morals That a Military Man Should Have

He must be highly patriotic. An outstanding military man should always closely integrate his own work with the motherland's rise and decline, safety and danger, and with the nation's future and destiny; fully understand his own special duty and mission; and correctly handle the relationship between the individual's interests and the state's interests, so that wealth and power will not make him licentious, the power of others will not make him bend, and poverty and loneliness will not change him, and he will put the motherland's interests above everything else.

He must be conscious of strictly abiding by discipline. Strategists through the ages have stressed "winning victory through control," demanding that in their armed forces there be strict enforcement of orders and prohibitions, that they advance and retreat at the right times, and that the awards and punishments be meted out with fairness and strictness. Otherwise, the armed forces—this "colony"—will become a rabble.

He must have the spirit of courageously making sacrifices and of being glad to make contributions. The military man's vocation in itself means sacrifice and contribution. No matter whether on the bloody and fiery battlefield or at a construction site during a period of peace, when one puts on martial attire it means he will make contributions. This is determined by the military man's special concept of value.

He must have healthy interests in life. General Patton did not permit enlisted men to hang pinup girl pictures at the head of their bunks. This was not because Patton's ideas were conservative, but was determined by the laws governing an army. As a military man, one should have healthy interests and should be filled with a vigorous and bold spirit.

He must have a faithful revolutionary integrity. Faithful revolutionary integrity is a sentiment that every military man should have. "I'd rather stand and die than kneel and live." We cannot demand that every military man be a steadfast Marxist, but he should become a steadfast patriot who willingly sheds his blood for his country and people.

In addition, a military man should have a disposition that is resolute, firm and tenacious, and enterprising, and he should have a good moral character that is absolutely sincere and intact.

Forging the Image of a Modern Military Man Requires Correct Concepts

Following development of the socialist commodity economy, some different value concepts and behavior criteria in society entered the military man's field of vision and heart through many channels, and brought many colors to the life of the military camp. Military men must become the elite of the nation. They must, following the progress of the times, conscientiously study

and work hard to raise their own military quality and ideological level. But the image of a military man should not be painted at will with the many colors of modern society. There are some stable things that go along with being a military man. For example, the military man's disposition, demeanor, interests, dignity, work style, and discipline are different from those of the ordinary civilian. His own special image and graceful bearing must be maintained.

There is a transitional stage from civilian to military man. We must make every youth, when he first enters the military, from the military man's psychology and individual character, change the bad customs and habits caused by the undisciplined life of society and establish the image of a qualified military man, forged through strict training, strict management, strict ideological education, and the restraints of laws and regulations. Therefore, we should stress running the armed forces with strictness, "standing at attention and standing at ease," and forging the image of a qualified military man.

A military man must be the model of a military man, and the armed forces must be the model of armed forces. This is an extremely common principle, but doing things well according to it is extremely uncommon.

Guided-Missile Research Produces Results

900N0055C Beijing JIEFANGJUN BAO in Chinese
27 Aug 89 p 1

[Article by Zhang Jiajun 1728 1367 6511 and Guo Qingsheng 6753 1987 3932: "Research Results on Use of China's Strategic Guided Missiles Accumulate: Nearly One Thousand Scientific Research Results Have Forcefully Promoted Modernization of Launch Units"]

[Text] The young Guided-Missile Application Research Agency of our Army is growing rapidly and vigorously and developing countless research products which have caught people's attention. In the 11 years since formation of the All Nation Science Association, nearly one thousand scientific research results have been promoted, constantly enriching the treasure house of scientific research on the application of our Army's sophisticated weapons and vigorously promoting modernization of launch units.

Strategic guided-missile unit weapons systems are complex and in actual use face the problems of weapons equipment improvement, technology sets and how fully to make the best possible use of the weapon in combat. At the same time, the constant renewal of weapon models and the advance of new world technology also create many new topics for guided-missile combat applications research. Since the All Nation Science Association was created, the scientific and technical personnel of the 2nd Artillery Organization have vigorously attacked key problems and, with creative hard work, have reaped a vast harvest. They have made encouraging progress from exploring the battle tactics thinking of guided-missile units to proving combat applications problems,

from improving performance of weapons systems to research and development of combat command systems.

Improvement of guided-missile equipment and developing performance are accompanied by many difficulties. To resolve the contradiction between the high instrumentation and manufacturing costs of a certain model of guided missile and the units' need for constant training, the scientists and technicians of a representative laboratory of our Army took on the task of refitting tests for a training missile for this model of guided missile. Coordinating with relevant areas, after 6 months of effort they completed the task, creating a prototype of a multiuse strategic guided missile and thus prolonged the useful life of the guided missile. Control systems are the heart of a strategic guided missile and test precision is directly related to the precision of the strategic guided-missile launch, and the speed of testing directly influences the survival ability of the weapon. To improve the level of automated testing of our Army's strategic guided-missile units, after 8 years of unremitting effort, the scientific research personnel of a research institute developed a kamake [0595 7456 0344] guided-missile microcomputer automated testing system. The nuclear blast electromagnetic pulse and infrasonic survey equipment developed by a research institute has a very important function in detecting a nuclear blast and determining the effects of a nuclear strike. "Countless threads form a single channel." The 2d Artillery has devoted considerable attention to development of automated combat command systems for rapid and flexible command in guided-missile weapons combat. After 10 years of courageous battle on a key problem, a research institute obtained several hundred scientific research results. Among them, in the area of communications security systems they developed an important series of products, including a "fax image character processing system" and a "colored-image Chinese-character processing system"; in the area of technological detection research and guided-missile flight attitude information detection, such items as a "trajectory remote sensing system" and an "infrared measurement system"; in nuclear blast detection, they produced a series of developments such as "seismic wave measurement." The achievement of scientific research results of various systems forcefully promoted the advance of the whole area of automated combat command and ensured the openness of an overall command network.

Combat use of guided missile weapons is inseparable from soft science research. Since 1985, the 2d Artillery has improved soft science research in combat applications, has gradually created a soft science research team of considerable strength, and has obtained important scientific research results. The soft science research results they have put forward, such as a "demonstration and proof of a high-speed launch scheme" and a "strategic guided-missile unit command automation system" not only resolved major difficult problems in combat use by strategic guided-missile units, but have also proposed new topics for combat use research.

The plentiful results of research on weapons use and combat applications of strategic guided missiles have been of enormous benefit to modernization of guided-missile units, so that the overall combat ability of the units has improved markedly, effectiveness of live missile launches has constantly improved, and the launch success rate of various models of live guided missiles is over 96 percent; there has been a great improvement in weapons equipment storage conditions, the management of some positions has begun to be automated, and the position equipment completion rate is 96 percent.

Armed Forces Develop Firefighting Aircraft

900N0035D Beijing JIEFANGJUN BAO in Chinese
25 Aug 89 p 2

[Article by Gao Zhongji 7559 1813 7535: "Another 'Proud Son of the Air' Is Added to the Family of the Firefighting Force"]

[Text] On 12 August an oil tank at the Huangdao Oil Depot was struck by lightning, exploded, and caught fire. Several firefighting contingents rushed to the scene of the fire. A water-carrying firefighting airplane of a naval air force unit soon rushed into the cloud of smoke and dropped a water "burst." On this occasion it made seven sorties. The new member of China's firefighting equipment family—the water-carrying firefighting airplane—made its first show in actual combat.

Dropping water to fight fires is a new technology which began to be developed nearly 20 years ago. The aircraft bombs with water rather than explosives. Only a few countries abroad can manufacture this firefighting airplane. To import this type of firefighting airplane from abroad would not only require a great deal of foreign exchange, but also a rather long turnaround time. When a disastrous fire occurred in the Daxingan Mountains, the leadership comrades of the State Council decided that we should refit a firefighting airplane ourselves. The Ministry of Aeronautics and Astronautics' Hydraulic Aircraft Institute, Harbin Aircraft Plant, and the Naval Air Force put forward a proposal for China itself to design and manufacture a retrofitted aircraft model as a water-carrying firefighting airplane. After repeated trials, scientific and technological personnel overcame many difficulties and redesigned a sealed water tank in the fuselage. Gu Mingcai [7357 2494 2088], commander of the Water-Carrying Flying Regiment and special-class pilot and the other comrades of the aircrew together successfully completed such flight tests as empty takeoff, gliding on the water surface to pick up water, dropping water in midair, and putting out ground fires.

The newly refitted water-carrying firefighting airplane has good low altitude performance, high-speed water-loading, large water-carrying capacity, and long continuous flying time. The pretakeoff water surface gliding process takes only 15 seconds to fill up using water-intake tube pressure and can lift off immediately. Flying to the fire site, it takes only 3 seconds to drop all its

water. It can drench a very large area and is very effective for putting out forest fires and fires in cities and towns.

Navy Extinguishes Huangdao Oil Depot Fire

900N0058a Beijing JIEFANGJUN BAO in Chinese
26 Aug 89 p 4

[Article by Zhang Weixing 1728 5898 2502, Li Weimin 2621 3634 3046, and Zhu Bin 4281 2430: "Sailors Put Out Fire—Factual Record of Disaster Relief in Huangdao Provided by Officers and Men of the North Sea Fleet"]

[Text] 1. The day, 12 August 1989. Oppressive thunderclaps rolled from low cloud layers above Huangdao District in Qingdao City. At 1015, with a tremendous clap, the No 5 oil storage tank of the Huangdao Oil Depot was struck by lightning and set on fire.

This oil explosion and conflagration, on a scale seldom seen since the founding of the PRC, engulfed state property and people's lives, and touched the hearts of the Navy's officers and men.

On that day, Navy Commander Zhang Lianzhong [1728 6647 1813] made a telephone call from Beijing instructing the North Sea Fleet and the Naval Aviation Corps to come to the rescue with all their strength. Huang Decheng [7806 1779 6134], deputy commander, and Dan Dade [0830 1129 1795], deputy political commissar, of the Naval Aviation Corps, immediately went to the operations duty room and ordered the rescue. Zhu Hongxi [2612 3163 4405], deputy commander, and He Yunchang [0149 6663 2490], deputy political commissar, of the North Sea Fleet, personally went to the scene of the fire to direct the disaster relief.

The North Sea Fleet quickly dispatched one lighter, two rescue ships, six tugs, four fire ships, and one disaster relief shock brigade composed of 2,000 officers and men. The Navigation Department of the Naval Aviation Corps quickly dispatched more than 10 emergency rescue aircraft of five types. The No 3305 fast attack craft of a certain fast attack craft detachment made five trips back and forth to carry the personnel commanding the operation to put out the raging fire at the emergency front line.

Firefighting requires a large amount of foam extinguishing liquid and powder. The Naval Aviation Corps dispatched three transport aircraft, which, from various parts of China, rapidly transported 28 tons of emergency-allocated extinguishing materials to Qingdao. To quickly unload from the aircraft the extinguishing materials and equipment that had been airlifted to Qingdao from various parts of China and take them to the Huangdao firefighting scene, Tao Guoliang [7118 0948 5328], political commissar of a certain Naval Aviation Corps airfield, led more than 300 officers and men round the clock in rush-transporting the materials and equipment. They made 88 truck trips, and transported 100 tons of firefighting materials in the first 24 hours of the fire.

Because the fire had started suddenly, communications and liaison were cut, and the fire and disaster situations were unclear. The firefighting command post urgently needed firsthand data on the fire. After receiving the order to go to the Huangdao sea area and observe the fire situation on the spot, the Bei Jiu 122, a sea rescue ship, which had already been training at sea for 4 days and 4 nights, set out for Huangdao, cleaving the waves against the wind. After arriving in the disaster area, it kept close to the shore near the fire area and made a careful observation of the fire situation at close range, thereby obtaining valuable data.

A helicopter—in which rode Wu Huogen [0702 0129 2704], commander of a certain flight regiment; Wang Aizhong [3769 1947 5883], aircraft commander; Lu Jianping [7773 1696 1627], pilot; and Ren Zhongli [0117 1813 0440], chief navigator—after 5 minutes flew low over the Huangdao fire and observed the burning oil storage tank...

At the operations duty room and the firefighting command post people bustled about in a tense but orderly fashion.

Electric waves on the fire and disaster situations flew to the units, flew to the local relevant departments, flew to the higher level organizations...

Boom! Boom! Boom! Boom!

2. At about 1440 on the 12th, the Nos 1, 2, 3, and 4 oil storage tanks around the No 5 oil storage tank exploded one after another. The towering, raging flames rose as high as several hundred meters, and the thick, rolling smoke covered the sea in front and half the sky. Wind helped the fire's momentum, and the more the fire burned, the fiercer it became.

The situation was extremely critical. There were several dozen oil storage tanks at the oil depot, and in them was stored a large amount of crude oil and finished oil products. If these oil storage tanks exploded, crude oil would spill into the sea and the entire Jiaozhou Bay would become a sea of fire. The approximately 100 Chinese and foreign merchant ships and our Navy's ships anchored here would be in serious danger.

At this time alcohol and water were urgently needed to lower the temperature of the fire and control its momentum. However, the fire's momentum was too fierce, and it was impossible for fire engines and other firefighting equipment on the ground to get close and put out the fire.

Putting out a fire by bombing it with water is a technique that has been used over the past 20 years. In the contemporary world, only a small number of advanced countries had firefighting seaplanes. Our firefighting seaplane, in compliance with a directive issued after the big forest fire in the Greater Xing'an Mountains a year ago by Li Peng, then vice premier of the State Council, had begun test flights in the course of transformation of

the Chinese-made seaplane. At the time it was still in the test flight stage, and had not yet taken part in putting out a fire by dropping water on it.

Resolutely accepting the mission, a certain regiment of the North Sea Fleet immediately organized its officers and men to rush-repair the aircraft, and restored it to flying condition in only 40 minutes. At the same time, the regiment's leaders made an emergency analysis and selected six crack flyers and flight engineers to form the aircraft's crew.

At 1641, following the shooting up of a blue signal flare, one could see a silver-colored "fighting eagle," like an enormous dragon shrouded in smoke, flying swiftly toward the sea surface.

This would be a hazardous flight, because it would be the first time that China's firefighting seaplane would take part in putting out a fire by dropping water on it, and this technique had not yet been completely mastered. It would also be hazardous because in the thick black smoke above the fire there would be crude oil that had not yet been burned out, and there would be a serious lack of oxygen in the air, which could easily cut off the engines; and when the crude oil in the thick smoke that had not yet burned out and the fast-flying aircraft met, the aircraft could easily catch fire. No matter which of these dangers occurred, the crew understood them very well, but they came to the conclusion that this was the moment when the motherland was testing them. Each crewmember was excited but unperturbed, and one by one they took strict safety and emergency measures.

After 3 minutes, the "fighting eagle" flew into the air above the fire and dropped to an altitude of 700 meters, the altitude stipulated by the higher level. The bomb bay opened and the water was dropped, scoring a hit on the first try. At the scene of the fire a ball of white spray rose up. The fire had been fiercely "bombed" and its momentum was checked. After two sorties the crew felt that the 700-meter altitude for dropping the water was too high, because the water was easily atomized, and, thus, the "bombing" of the fire would be adversely affected. On their own initiative they requested that the aircraft be allowed to descend to an altitude of 100 meters to drop the water from there. Unexpectedly, when the aircraft had descended to an altitude of 100 meters and was preparing to drop the water, an unforeseen situation suddenly appeared: A low-altitude whirlwind caused the aircraft, which was fully loaded with water tanks, to shake incessantly. The highly skilled crew remained fearless amid danger. Aircraft commander Wei Mingjun [7614 2494 6511] and deputy aircraft commander Lu Jianhao [4151 7003 6275] kept the aircraft on an even keel, and navigator Liu Jingsheng [0491 2529 0581] made rapid calculations.

The crew fought without letup until 1905. They made a total of seven sorties, during which they dropped five

tons of water, hitting their targets every time. The temperature of the fire was lowered and extension of the flames was checked.

3. The violent explosion of the oil storage tanks ruthlessly took the lives of 19 emergency fighters and injured several dozen cadres and policemen and firefighting members of the masses.

Because the disaster occurred suddenly, Huangdao lost all its capability for medical treatment of the rescued injured personnel. There was the possibility that the injured personnel, unconscious and bleeding, would lose their lives if left at the disaster area, and people were burning with impatience.

After hearing this news, a certain helicopter regiment of the Naval Aviation Corps stationed in Qingdao made 17 takeoffs and landings between Qingdao and Huangdao, quickly transporting injured personnel to the city's rescue stations.

After the accidental explosion at the Huangdao Oil Depot, Naval Hospital 401 on the afternoon of the same day prepared several dozen beds and set up a medical aid corps in which the principal technical backbone elements took part.

The helicopter carrying injured personnel landed gently at Qingdao City's Huiquan Stadium. Members of the medical aid corps, with stretchers, drugs, and ambulances, rushed to the scene to rescue the injured personnel, and lifted them out of the aircraft with great care. Ambulances then took them to the hospital.

Comrades of the outpatient service, surgical department, internal medicine department, pharmacy, nursing department, administration office, blood bank, and other relevant administrative and technical offices went into action. From top to bottom the entire hospital had only one goal: To do everything for the life and safety of the injured personnel. Under shadowless lamps operations were performed continuously until late at night. When they saw that the lives of the youths were out of danger, the doctors and nurses smiled with gratification.

After hearing about this, Liu Peng [0491 7720], secretary of the Qingdao party committee, on that very night went to Naval Hospital 401, where he expressed his warm regards to all the doctors and nurses who had taken part in saving the lives of four critically injured persons. Shaking the hands of the hospital's leading comrades, he said: "I thank all of you."

Research Produces New Technology

90ON0055G Beijing JIEFANGJUN BAO in Chinese
17 Aug 89 p 2

[Article: "Science and Technology Window"]

[Text] Gunner Target Training Simulator Passes Appraisal The "87-1 Gunner Tracking Training Simulator" developed by the Zhengzhou Antiaircraft Academy

passed appraisal recently. This simulator is used primarily for target training of "5-7" 1st and 2nd antiaircraft gunners. Using a computer, it can produce various flight paths so that commanders can get a good idea of gunner training status by means of a monitor, and it automatically displays and prints out the tracking error curve and the training evaluation results.

Z-70 Automated Detector Successfully Developed The "Red Flag No 2" automated detector—a control and guidance radar coordinate device—developed by the Air Force Guided-Missile Academy passed appraisal a few days ago. This device uses a computer for automatic display and printout of equipment performance parameters, diagnoses breakdowns of display equipment units, guides technicians to alter parameters and fix breakdowns, and has the special features of rapid detection speed, strong resistance to interference, and a high degree of precision.

High Tension Automated Controller for Telegraph Communications Receives Award An add-on device to improve quality of telegraph communications, economize on materials, and save on energy—the high-tension automated telegraph communications controller—has been introduced by the Beikong [0554 4500] Communications Repair Plant. This product received a 3d Class Military Science and Technology Progress Award in July of this year.

Model BBF-303 Radar Simulator Introduced The Model BBF-303 radar simulator developed by the Army representative stationed at the Nanjing Optical Instruments Plant recently passed appraisal. This simulator can provide the radar operator with target search observation and target training in simulating surface topography echoes and clutter interference and has the features of lifelike simulations, ease of assessment, and not being subject to climatic influences.

Liquid Downward Jet Firefighting Project Goes Into Use Our Army's first hydrogen foam downward spray firefighter project went into use formally at a oil storage depot of the Jinan Military District on 17 July. The completion of this project provides reliable assurances of safe fire control at military oil depots and large-scale oil storage depots.

Breakthrough in Fieldwork Waterproofing Technology A new waterproofing technology invented by the 3d General Staff Engineers Institute has greatly improved the living environment inside trench shelters, lengthening by 3-4 times the time it takes mildew to form, which can reduce considerably noncombat losses and improve survivability under difficult conditions.

Highly Effective Xinxing [2450 2502 New Star] Brand Prickly Heat Lotion Developed The Nanjing Military District Shangrao [0006 7437] Xinxing Pharmaceutical Plant recently developed and put into production the Xinxing Highly Effective Prickly Heat Lotion which has

the characteristics of fast relief of itching, fast elimination of prickly heat, and no side effects and is very effective against mosquito bites and swelling.

Families Work in 'Atomic City'

900N0055B Beijing JINGJI RIBAO in Chinese
20 Sep 89 p 3

[Article by Liu Chen 0491 4453: "The Atomic Family"]

[Text] In Malan, the "atomic city" deep in the great desert, there are many "nuclear families" who have settled down in the Gobi Desert and devoted themselves to national defense. Marshall Nie Rongzhen [5119 2837 5271] has called them "atomic families."

Researcher Huang [7806], who is 54 years old this year, was one of the earliest scientific research personnel to go to Xinjiang. After he joined up upon graduation from Qinghua University in June 1959, Liu Cuifeng [0491 5050 7685], a Suzhou girl with whom he had established a loving relationship insisted on following him to the Great Northwest. So, they were married in a basement in the Gobi Desert. The deputy base commander teased the new bride: "If someone from Suzhou dares to marry the border she really ought to change her name to 'Aijiang' [1947 3984 'love the border']". Liu Cuifeng changed her name to Aijiang on the spot to show her determination to settle in Lobubo.

For the past 30 years, researcher Huang and his wife have given their all to the atomic city. Since 1978, two or three of his research projects have been awarded prizes each year.

After marrying, Liu Aijiang took on the double burdens of work and family. Some of her is in Lao Huang's results, for she personally mimeographed the organization plans and research reports for many of the nuclear tests.

After graduating from Specialized Middle School, their son Huang Songsheng [7806 2646 3932] was assigned to his parents' research institute. Two of the scientific research projects in which he participated were awarded science and technology achievement awards.

Xiao Huang told me: "The reason I wanted to go into nuclear science was because I was a child who grew up on the base. Since I was small I have been influenced by my father and I have had a sincere passion for the work my father pursues. My father has struggled for nuclear matters his whole life and I am resolved to devote my whole life to nuclear science." Xiao Huang spoke not only for himself, but also represented the thinking of the younger generation which had grown up on the nuclear test base. Today there is a saying that is popular on the base: "Give your youth, give your life. Having given your life, give your sons and grandsons." It is the most apt portrait of these "atomic families."

Group Collects Nuclear Test Data

900N0035A Beijing JINGJI RIBAO in Chinese
20 Sep 89 p 3

[Article by Tan Shaobin 6223 4801 2430 and Hou Lienji 0230 6647 0679: "They Rush Into the Mushroom Cloud"]

[Text] After each nuclear test a detachment dressed in protective clothing and wearing gas masks dashes to the place where the mushroom cloud is rising. This is the nuclear test base's 1st Antichemical Company.

Five minutes after each nuclear test blast, while the atomic bomb's mushroom cloud is still billowing up, the air and ground is being contaminated by radioactive material. This time is most valuable for taking items for testing and most useful for obtaining data, but it is also the time when the threat to human life is the most serious. The officers and men of the 1st Antichemical Company who take on the job of radioactive scouting dash into the mushroom cloud, send out sample after sample, and record a great deal of data.

In a short time they sprint to the detonation site as a group, over 40 times, taking over 3,000 pieces of scientific data, demarcating the boundaries of radioactive pollution, and recovering all comprehensive dosage meters. After completing their mission, the accumulated perspiration in the protective clothing that the warriors take off can fill a basin half full.

Dealing with nuclear radiation necessarily involves contamination. The officers and men of 1st Company are very clear on this, but are uncomplaining. They are the ones who are the first to dash to the nuclear detonation site of each test to provide reference materials on safety for scientific workers and to collect firsthand materials for nuclear science research.

In October of last year, this advanced group, which has rendered meritorious service many times, was designated a "Nuclear Radiation Detection Vanguard Company" by the National Defense Scientific Industry Committee.

Weather Office Improves Forecasting Capability

900N0055F Beijing JIEFANGJUN BAO in Chinese
17 Aug 89 p 2

[Article by Li Hong 2621 1347 and Zhang Jiajun 1728 1367 6511: "Meteorological Office of 2d Artillery Actively Undertakes Scientific Research; Forecasting Level Improved by Using Science and Technology Advances"]

[Text] A weather forecasting office of the 2d Artillery has brought along weather forecasting and turned the weather office into a technological entity with 14 specializations and that can provide reliable demonstrations for guided-missile unit combat training. At the end of July, this weather office was evaluated by party upper echelons as an advanced scientific research unit.

In 1984 the weather office was streamlined, personnel were reduced, and the office leadership promptly proposed improving scientific research work. They held 17 specialized training classes in such areas as forecasting personnel training, training in BASIC, and basic radio training; they invited specialists from 10 scientific research units and schools and colleges such as the State Meteorological Bureau and meteorological colleges to teach; organization personnel went many times to the provincial meteorological bureau to listen to reports by meteorological specialists from such countries as the United States, England, and West Germany. They also established study halls and reading rooms on their own, arranged over 3,000 volumes of materials on meteorological history and 51 items covering 13 years' worth of surface and high-altitude climate materials of the unit's encampments and positions—a total of 37 million pieces of data—and reorganized the climate materials of 30 weather stations in this province over nearly 30 years. The comrades of the office worked together and developed such things as the "real-time weather report input interface," "satellite mapping digital automated-processing system," "701 weather balloon radar echo-image automated display system" and automated processing of weather forecasting materials. The book they edited, *Anthology of Military Weather* became an important reference book for the Headquarters, 2nd Artillery, Air Force, Navy, and weather stations in the province; the "PC-1500 Surface Monthly Report Table Calculation Program" they revised reduced to 20 minutes the job that used to take three man-days; the "Large-Scale Weather Diagnostic and Analysis Program" they developed made it possible to complete in 10 minutes work that used to take two weeks. Scientific research vigorously promoted the establishment of the weather office and improved the level of weather forecasting technology. In the past 5 years they have satisfactorily completed unit training guarantees and several guided-missile launch exercise weather guarantees with a forecasting precision of 96 percent and were praised as "miraculous" weathermen by unit cadres and soldiers.

Soldier Endures Difficult Living Conditions

900N0055H Beijing JIEFANGJUN BAO in Chinese
5 Sep 89 p 2

[Article by Huang Chuanhui 7806 0278 2585: "From Trench Shelter to Stilt Building: During the Anti-Vietnamese Defensive War, He Stayed in a Trench Shelter; After the 'March 14' Naval Battle, He Stepped Into a Stilt Building; Among the Several Million Men of the Chinese Army Today, Jiang Zhongquan, a Platoon Leader of a Unit of the Marines, Is Considered Lucky"]

[Text] Among the several million men of the Chinese Army, he is considered lucky.

Four years ago, Jiang Zhongquan [5592 1813 3123] participated in the Anti-Vietnamese Defense War and spent 1 year and 2 months in a trench shelter at Laoshan.

after that he went to the blue sea and came to a stilt building on Zhubijiao in the Nansha Archipelago.

Twenty-four-year-old Jiang Zhongquan grew up beside the Han River. After graduating from middle school in 1983 he took his beautiful dreams into Army green. At first, he was a rifleman in an infantry company and planted vegetables and cooked food. In 1985 he asked to go to Laoshan. As a squad leader he was in command of eight comrades-in-arms, stood fast in a trench shelter on Hill 101, and beat back enemy attack after enemy attack. After the war, he was cited for meritorious service, second-class, and was admitted to the Guilin Military Academy as a combat mainstay.

After the success of the "March 14" Spratly naval battle, Jiang Zhongquan's heart was attached firmly to the blue seas of the South China Sea. On graduation, after repeated requests, he was finally assigned to a marine unit and made an infantry platoon leader. Soon, Jiang Zhongquan was commanding a group of army personnel and entered a stilt building on Zhubijiao in the Spratly Islands.

Well, this was a Spratly Island stilt building that had been built by Navy warriors. They had built a small building 10 or so meters square of compressed steel, caissons, and steel-reinforced concrete built on a water-covered reef.

The trench shelter was called a gallbladder of human life. It was stuffy, damp, and was frequently shelled by the enemy. People who had gone through the discipline of the trench shelter and escaped the threat of death had seen their fill of all the sufferings of the world. Before he came here, Jiang Zhongquan had thought to himself that having lived in a trench shelter for over a year, he had experienced all the suffering of a lifetime, so what did the Spratly building matter?

He was wrong. After he moved into the stilt building he discovered that it was not as simple as he had thought.

It was no exaggeration. Apart from air and sunlight, everything necessary at Nansha had to be brought in by boat. The stilt building was very small and not much could not be supplied at one time. Fresh water became the first valuable commodity. Each person was limited to one tin of water per day, so brushing one's teeth and washing up became symbolic. The Spratlys are near the Equator. The temperature of the stilt building frequently was as high as 40 degrees Celsius and it became as hot as a steamer. The shirts and pants the soldiers wore were always soaked with sweat. It was very uncomfortable. They washed their clothing in seawater and when their clothing dried it became stiff. After they put their clothing on in the sun, they became covered with salt and their entire bodies itched. The soldiers' fondest wish was to have a good bath. Yet, there was a severe shortage of fresh water so they had to wait for the Lord of Heaven to send down rain to bathe. One time a rare rain began and the fellows' hopes were raised. But no sooner had the soldiers soaped up than a wind came up and blew the rain clouds away. The sun came out and made the

soldiers hopping mad. In the stilt building the soldiers did not have fresh vegetables, so they ate canned foods three meals a day and as time went on they all developed ulcers in their mouths.

Unexpectedly, the loneliness in the tiny stilt building in the vast sea was most difficult for the men to bear. Fiction lovers have read *Robinson Crusoe*, but they cannot appreciate Robinson Crusoe's sense of desolation. Jiang Zhongquan understands. When he first came to the reef his fellows were bouncing and vivacious and could still laugh. But after several days, they were less lively. The days were better, but when the night slowly fell, the sense of isolation flooded over their hearts like the tide. Without lights, everyone sat silently on their bunks. They had finished discussing all the topics they could and had finished with their bragging, memories had been recounted no one knows how many times, and the boat of time was moving very very slowly... The soldiers relied on willpower to conquer the suffering which cannot be expressed in words.

At the most difficult times, Jiang Zhongquan told his comrades-in-arms in the stilt building about his times in the trench shelter on Laoshan and told them about the achievements of his comrades-in-arms who had sacrificed.

Not many of the 1.1 billion Chinese have stayed in a trench shelter; even fewer of the 1.1 billion Chinese have lived in a stilt building.

I asked Jiang Zhongquan: "If you had to make a comparison, which do you feel is more difficult, a stilt building or a trench shelter?"

Jiang Zhongquan thought for a moment then said: "There's no comparison, only someone who had really stayed in both could understand."

Jiang Zhongquan had stayed in both a trench shelter and a stilt building. Some people say he's a fool and only knows how to suffer and not how to enjoy himself. Jiang Zhongquan has his own creed. He clings to something a famous person said: "Someone who has figured happiness to the full is not necessarily wise; someone who has thought to suffer to the full is not necessarily a fool."

'Box Lunch' Enlightenment

900N0055E Beijing JIEFANGJUN BAO in Chinese
25 Aug 89 p 3

[Article by Li Xinjian 2621 2946 0494: "'Box Lunch' Enlightenment"]

[Text] Recently I participated in a joint Army, Navy, Air Force senior officer exercise. The benefits for staff officer professional work were not inconsiderable. Here I only want to mention a "peripheral" point.

In this exercise there were some new ideas about subsistence guarantees in that they neither contracted meals in hotels or reception rooms nor did they have agency dining halls arrange mess, but provided box lunches like

those one gets on the street or while traveling. You could say that everyone from generals to soldiers was, without exception, delighted even to the point that when it was all over everyone was still talking about it.

In times of idleness I have visited famous places to broaden my horizons and the exquisiteness, the scene, the atmosphere, made one feel they were the acme of perfection. Talking business, entertaining, shooting the breeze, and savoring delicacies of all kinds from both land and sea. Against the background of a society in which a passion for eating and drinking is in style, for high-level military agencies to eat box lunches during an exercise is clearly commendable. But more important, it provided us with some information and that is that in terms of clothing, food, and lodging, there is much that can be accomplished.

There is no evidence as to who invented it, but the Chinese are no strangers to the "box lunch." In ancient times there was a saying in China, "women and girls make bamboo containers of food"; and the "bamboo containers" were bamboo baskets prepared for the outings of the leisure class of the times. Later, metal lunch boxes for carrying food were stylish, and these are probably related to the "box lunch." Yet the box lunch was not in the end invented by a Chinese and this is due both to the backwardness of our productive forces and to the obstacles of traditional customs.

The main difference between "box lunch" and "lunch box full of food" is in the idea of consumption. "Box lunch" has revealed the features of being fast, convenient, hygienic, and economical, giving prominence to the value of time, corresponding to the social rhythm whose frequency becomes faster daily. This is sufficient to attract thousands of people who are busy about their lives and occupations.

How to improve the rapid unit reaction capability of the peacetime army is a popular topic. Like a high-speed machine, rapid reaction capability cannot tolerate a link out of step. Although the issue of the "box lunch" may not seem like much, if it can be linked to improving a unit's traditional messing method to improve organization work efficiency and the rapid reaction speed of the unit, then it is not inconsiderable. Reform cannot be accomplished in one move. We should start with one specific thing and make an effort to promote reform.

Four Soldiers Arrested in Guangzhou Rape

HK2410062689 Hong Kong MING PAO in Chinese
24 Oct 89 p 9

["Special Dispatch from Guangzhou": "Four Soldiers of the Air Force in Guangzhou Guilty of Waylaying and Raping a Woman"]

[Text] According to a report from Guangzhou, four soldiers of the Air Force Command under the Guangzhou Military Region were arrested by Guangzhou municipal public security personnel and have been transferred to a military tribunal for trial.

Since the 4 June incident in Beijing, close relations between the Army and civilians have been adversely affected. The Army is making efforts to patch up relations between the Army and the people. Therefore, the military is extremely annoyed by this case, which has severely undermined army-civilian relations, and it is determined to seriously deal with unhealthy trends inside the Army. It has been learned that the Guangzhou Military Region has circulated an intra-Army notice about this case. According to relevant sources, the four soldiers may all be sentenced to death.

It was revealed that the four soldiers came from Shandong. Early last month, they waylaid a car near the Huanghua-gang district, beat a man in the car, and raped a woman before stalking off. The victims reported the case to the police. Since there were no clues at the scene, police authorities adopted a method of spreading a dragnet everywhere to wait for the reappearance of the criminals.

Early this month, the four soldiers reappeared in the same place and waylaid a woman. However, this woman was actually a beautiful policewoman disguised as a civilian. Public security personnel, who lay in ambush nearby, caught them red-handed.

Air Force To Change Uniforms

OW2310115589 Beijing XINHUA in English
1029 GMT 23 Oct 89

[Text] Beijing, October 23 (XINHUA)—Three changes will be made to the style and color of Chinese Air Force uniforms next year, according to officials of the Air Force Logistics Department today.

Pale blue will be the color for all Air Force shirts, with officers wearing shirts of safari-suit style and soldiers changing from T-shirts to uniform shirts.

Pale-blue covers will be added to officers' peaked caps in summer.

The color of epaulets on shirts and battlefield uniforms will change from khaki to sky blue, and officers' epaulets will give way to soft shoulder boards carrying the design of a swordpoint.

The officials say that these changes, the first since the People's Liberation Army restored its military rank system and changed to new uniforms last year, have already been approved by the Central Military Commission and the Army's general logistics department.

EAST REGION

Anhui Government Leaders Study Jiang Zemin Speech

OW2410143389 Hefei Anhui Provincial Service in Mandarin 1100 GMT 8 Oct 89

[From the "Provincial Hookup" program]

[Excerpts] Leading comrades of the Anhui provincial people's government have been continuing to study and discuss earnestly Comrade Jiang Zemin's National Day speech over the past several days.

At a study and discussion session held on the morning of 7 October under the chairmanship of Governor Fu Xishou, they unanimously maintained that Comrade Jiang Zemin's speech adheres to the guidance of Marxism-Leninism-Mao Zedong Thought and follows the principles outlined by the 4th Plenary Session of the 13th CPC Central Committee. They agreed that the four basic conclusions he has come up with by scientifically summarizing the work of the three stages of China—the 40-year period after the founding of New China, the 10-year period after the convocation of the 3d Plenary Session of the 11th CPC Central Committee, and the suppression of the counter-revolutionary rebellion—have correctly expounded the 10 theoretical and construction issues that must be resolved without delay. They added that Comrade Jiang Zemin's speech is a programmatic document guiding the work of the CPC and the country, and that they would firmly implement the instructions in accordance with Anhui's actual situation. [passage omitted]

Some comrades said that, owing to the influence of Comrade Zhao Ziyang's mistakes in recent years, our government work was also beset with certain problems. For example, we had all kinds of different views toward the major measures for purchasing agricultural and sideline products and we were often unable to distinguish right from wrong. Now Comrade Jiang Zemin has clearly explained the relationship between the planned economy and market regulation. From now on we will know what to do when handling the work in such specific fields. [passage omitted]

In connection with Anhui's actual situation, some comrades said, "Since Anhui adopted the output-based contract system, agricultural output has soared. However, certain new problems have cropped up in the area of developing the collective economy and increasing agricultural investment. Now Comrade Jiang Zemin has clearly pointed out that we must continue to consolidate the agricultural foundation by deepening rural reform, propagating agricultural science and technology, and increasing agricultural investment. This is very correct and timely guidance. As long as we work according to

this policy, it is very likely that we can further boost Anhui's agricultural production." [passage omitted]

Shanghai Official Discusses Ideological Work

OW0310074089 Shanghai JIEFANG RIBAO in Chinese 15 Sep 89 p 1

[Dispatch by Shen Guoxiang 3088 0948 7449]

[Text] The Shanghai Municipal Ideological and Political Work Research Society held its third annual meeting on 14 September. The meeting discussed the past and the future of Shanghai's ideological and political work. It summed up experience on the basis of the two basic points—upholding the four cardinal principles and persisting in reforms and opening to the outside world. It also set demands for building up the research society and striving to accomplish research work in the upcoming period in consideration of the current situation.

Wu Jian, president of the municipal Ideological and Political Work Research Society, delivered a work report entitled "Study and Implement the Guidelines of the 4th Plenary Session of the 13th CPC Central Committee and Earnestly Strengthen Ideological and Political Work." He said, "Comrade Zhao Ziyang's serious mistakes in ideological and political work and in building primary party organizations have brought tremendous difficulties to ideological and political work in Shanghai, particularly at grassroots units, such as large and medium-sized state-owned enterprises, which are the foundation of the community and the major target of ideological and political work. However, we should see that Comrade Zhao Ziyang's erroneous views are repudiated in Shanghai. Leading cadres of the municipal party committee and the city's other party and government organizations, particularly those at the grassroots level, as well as political work cadres, have used various legal means and adopted various flexible measures to resist Comrade Zhao Ziyang's mistakes, and have thus reduced the adverse effects of his mistakes on Shanghai."

Two decisions were read at the meeting. One was the decision of the Propaganda Department of the municipal party committee on conferring upon 157 comrades the honored title of "Outstanding Enterprise Ideological and Political Worker of Shanghai Municipality." The other was the decision of the municipal Ideological and Political Work Research Society on honoring the authors of 35 outstanding theses.

The meeting deliberated and adopted a decision to elect Chen Zhili, deputy secretary and head of the Propaganda Department of the municipal party committee, to be the new president of the research society.

Chen Zhili, deputy secretary of the municipal party committee and new president of the research society, addressed the meeting. She first extended, on behalf of the municipal party committee and its Propaganda

Department, her cordial regards and high respects to the political work cadres who contributed to curbing the turmoil. Then, she discussed four points: 1) At present, it is necessary to understand again the important role of ideological and political work and to restore the glorious traditions of ideological and political work. After going through the test of blood and fire, we have further realized that whether we have done ideological and political work well and whether our ideological and political work has clear objectives are indeed important questions concerning the life and death of our party and our state. Those people who stubbornly advocate bourgeois liberalization are using all media and forums to confuse people's minds. For this reason, we must occupy the media and the academic field with the four cardinal principles. While educating the masses in the four cardinal principles, we should carry out reforms and opening to the outside world at a faster and greater pace. Only steady economic development can fundamentally guarantee political stability. We should mobilize the vast number of cadres and workers to do economic work wholeheartedly. We must strengthen ideological and political work. 2) It is necessary to understand clearly the fundamental tasks of ideological and political work. In the last several years, we sometimes accomplished only some, not all, of the tasks of ideological and political work. We should clearly understand that the most fundamental task of ideological and political work is to carry out education in one central task and two basic points. First, we should carry out education in upholding the four cardinal principles and opposing bourgeois liberalization. In addition, we should educate people in some basic morals, such as patriotism, national pride, self-reliance, and hard struggle. While conducting education in upholding the four cardinal principles, we should also carry out education in reform and opening to the outside world. Ideological and political work should guarantee that economic work proceeds, but it must not be equated to economic work. 3) It is necessary to ensure good leadership of ideological and political work and to strengthen the contingent of political work personnel in enterprises. Party organizations in enterprises should deem it their central task to take charge of and lead ideological and political work in their respective enterprises. They should concentrate on party building and build a well-trained contingent of political work cadres. The party committees of large enterprises should set up necessary political work organizations. 4) It is necessary to pay attention to research on both theory and practice of ideological and political work. At present, the conditions for undertaking research work are highly favorable and there are many new topics to explore. We should first conduct research on the theory of ideological and political work itself.

Chen Yi, adviser to the municipal Ideological and Political Work Research Society, also spoke at the meeting.

Shanghai Writers, Artists Urged To Keep Correct Orientation

HK2110020189 Beijing RENMIN RIBAO in Chinese
16 Oct 89 p 4

[XINHUA report by Zhao Lanying 6392 5695 5391
"Zhu Rongji Calls on Shanghai Writers and Artists To Adhere to a Correct Orientation and To Go Deep Into the Realities of Life"]

[Text] At a Shanghai literature and art symposium yesterday, Zhu Rongji, secretary of the Shanghai Municipal CPC Committee and mayor of the city, pointed out that people in literature and art circles should adhere to a correct political orientation, go deep into the realities of life, and keep developing and blazing new trails.

Before and after National Day, 900 Shanghai literature and art workers went to Beijing, Nanjing, Tianjin, and Urumqi to take part in performances held during the second Chinese literature and art festival. Their excellent skills and fine discipline made an unforgettable impression on the audience.

Zhu Rongji said that their performances were renowned throughout the country, but they should sum up experience although they have made achievements. He hoped that people in literature and art circles would be serious about art, make painstaking efforts to practice basic skills, go deep into the realities of life, and keep developing and blazing new trails. He stressed that writers and artists should have a firm and correct political orientation apart from being true to the realities of life. There is a need to adhere to the four cardinal principles and oppose bourgeois liberalization in literature and art creation so that Shanghai literature and art will develop and thrive in a correct orientation.

Shanghai literature and art has comprehensive superiority and the city is equipped with the conditions to develop its literature and art in a unique way. Zhu Rongji pointed out. Party and government leaders at all levels in Shanghai should promote the development of socialist spiritual civilization, pay attention to cultural and literary work, and encourage the Shanghai people to work with one heart, to overcome difficulties, and to invigorate Shanghai.

Among those present at the symposium were famous personages from literature and art circles including Yu Zhenfei, Yuan Xuefen, Ding Shande, Huang Yijun, You Wenyan, Ren Deyao, Shang Changrong, Zhu Jianer, Chen Xiyang, Yan Xingpeng, Liang Guoyin, Gu Guoyi, Ding Zhinuo, Shi Honge, and Yan Shunkai.

SOUTHWEST REGION

Sichuan Crime Report Centers Function Efficiently

400506626 Beijing FAZHI RIBAO in Chinese
18 Jul 89 p 2

[Article: "Sichuan's Procuratorial Agencies Investigate and Handle Reported Clues Promptly"]

[Text] Since the beginning of this year, Sichuan's procuratorial agencies have quickly handled tips and promptly provided the masses with feedback as the key to reporting economic crimes with evident results. According to statistics, from January to May of this year, receiving cases, placing cases on file for investigation and prosecution, winding up cases, and retrieving economic losses have increased by 81.1 percent, 57.5 percent, 18.2 percent and 46.1 percent, respectively, over the same period of last year; among them, investigation and handling of especially big cases has increased 1.1-fold.

In the nearly 1 year since Sichuan's procuratorial agencies began this crime tip work, they have placed investigating tips in an important place in their entire work and have speedily investigated and wound up cases to promptly investigate and handle tips reported by the masses, thus winning the confidence of the people. Chengdu City's procuratorial agency overcame such difficulties as a shortage of manpower, poor quality of cadres, and backward equipment, concentrating manpower, finances, and materiel to ensure the investigation and handling of tips, and the 3,228 cases accepted over the year have all been handled by appropriate levels. In investigation and processing, they have also made a focal point of their work handling tips on major cases and criminal cases involving state personnel and have investigated and handled 77 major and especially big cases, of which 27.4 percent have been placed on file. Since the beginning of this year, the reporting initiative of all cadres and masses in Sichuan has been very high. The Economic Crimes Report Center in Chengdu City also has received an average of 280 tips per month. The Sichuan procuratorial agencies have rewarded personnel who have rendered service by providing tips by following strictly the spirit of the announcement when the crime report centers were established. According to incomplete statistics, awards have been given to over 80 persons who provided information.

Tibet Conference Focuses on Invigorating Work of People's Congress

900N0099a Lhasa XIZANG RIBAO in Chinese
9 Aug 89 p 1

[Article by Li Ling 2621 3781: "Regional CCP Committee Convenes Conference To Consider Invigorating Work of People's Congress"]

[Text] On the afternoon of the 7th [of August], the Standing Committee of the Tibet Autonomous Regional

CCP Committee convened a conference for all members of municipal CCP committees who attended the second session of the 5th Tibet Regional People's Congress, members of the Standing Committee of the Lhasa Municipal CCP Committee, and comrades in charge of local People's Congress liaison offices to discuss invigorating People's Congress work. The conference considered ways to carry out the work of People's Congresses at all levels, taking the realities of Tibet as the starting point, in order to develop socialist democracy, perfect the socialist legal system, and fully safeguard the right of the masses to be the master of their own destiny.

The conference was attended by Ngapoi Ngawang Jigme [7093 3099 7093 2489 2516 5019], vice chairman of the Standing Committee of the NPC [National People's Congress] and leaders of the autonomous region, including Hu Jintao [5170 6930 3447], Pabala Gelhelangjie [1572 2139 2706 0441 6745 2638], Redi [3583 0966], Tian Congming [3944 5115 2494], Ba Sang [1572 2718], Jiangcun Luobu [3068 2625 5012 1580], Hu Songjie [5170 7313 2638], Ma Lisheng [7456 2621 0524], Zhang Xiangming [1728 0686 2494], Shengqin Luosangjianzan [3932 2953 3157 2718 1017 0363], Bu Duoji [1580 1122 0679], Langjie [2597 2638], Jiangzhong Zhaxiduoji [3068 0022 2089 6007 1122 0679], Sangding Duoqipamu [2718 7307 1122 0679 1584 1191], and Wang Guangxi [3769 1639 3886]. They carefully listened to reports on the work of various prefectural and municipal People's Congresses.

Vice Chairman Ngapoi Ngawang Jigme pointed out that to do the work of the People's Congress satisfactorily, we must work hard together and understand such work better. The vice chairman expressed his hope that prefectural and municipal People's Congresses will convene special-topic meetings regularly to study how People's Congress work should be done. Each county should convene its People's Congress annually and be more responsive to the opinions and demands of the masses. Moreover, it should report to its higher level promptly so as to make the work of the People's Congress live up to its name.

Secretary Hu Jintao of the Tibet Autonomous Regional CCP Committee delivered an important address at yesterday's conference. Hu Jintao said, "In the 10 years since the Standing Committee of the Tibet Autonomous Regional People's Congress was created, the region's People's Congresses at all levels have done a lot of work to develop socialist democracy and perfect the socialist legal system. That should be fully affirmed. The work of the People's Congress is developing and making steady progress." As for invigorating the work of People's Congresses, particularly the work of various prefectural and county People's Congresses, Comrade Hu Jintao said that we must begin by better understanding the importance of the work of People's Congress. The 4th Plenary Session of the 13th CCP Central Committee makes it clear that we must successfully tackle four major tasks at the moment, emphasizing yet again the need to intensify democratic and legal construction. China is led by the proletariat. It is a socialist nation, a people's democratic dictatorship based on the

worker-peasant alliance. All power of the state belongs to the people. The Constitution explicitly stipulates that the NPC and local People's Congresses at all levels are the organs through which the people exercise state power. It follows that, in order to further socialist democracy and perfect the socialist legal system, we must perfect the basic institution—the People's Congress—and make full use of it and its Standing Committee in national political life.

He noted that Vice Chairman Ngapoi Ngawang Jigme, when he addressed the second session of the Fifth Autonomous Regional People's Congress, made the point that work in Tibet must take into consideration Tibet's uniqueness. Under the Constitution and the "Nationality Region Autonomy Law," the People's Congress of an autonomous region is an autonomous organ of the autonomous region as well as an organ of local power. On the one hand, it should ensure observance and implementation of the Constitution and all laws, decrees, and administrative rules and regulations within its administrative jurisdiction and fulfill the functions and duties as a local power organ in accordance with the law. On the other hand, it should draw up autonomous regulations and specific regulations based on the political, economic, and cultural characteristics of the Zang nationality. In a certain sense, therefore, the work of the People's Congresses of Tibet is even more arduous. We must incorporate into our agenda the invigorating of the work of People's Congresses and take effective practical measures in line with the realities in Tibet to make the most of People's Congresses and their Standing Committees and ensure the right of the people to be their own masters.

Referring to the need to invigorate in earnest the work of the People's Congress, Secretary Hu Jintao said, "To begin with, we must firmly adhere to the party's basic line: 'one center, two main points.' The People's Congress is an organ of state power. It was set up in accordance with the Constitution and other legal provisions and must take the Constitution as the basic guide for its activities, operating within limits set by the Constitution. The Constitution states in no uncertain terms that the basic mission of the state in the future is to concentrate its energies on socialist modernization. The Constitution also makes it clear that China's various nationalities shall continue to uphold the people's democratic dictatorship and adhere to the socialist road under the leadership of the CCP and the guidance of Marxism-Leninism-Mao Zedong Thought. The philosophy behind the basic line—'one center, two main points'—adopted by the 13th National Party Congress is already fully embodied in the Constitution. Only if we unswervingly implement the basic line and do the work of People's Congresses well can we lay a solid foundation."

Secretary Hu Jintao said that to invigorate the work of People's Congresses, we must also carry out their duties and functions conscientiously and ensure that they exercise their supervisory power, decisionmaking power, and

appointment and removal power. The People's Congress of an autonomous region must exercise its legislative power as well. It should fulfill its role as representative of the people. People's representatives are elected democratically by the masses. They have intimate ties to the people. Through these representatives, the People's Congress should mirror the masses' demands and listen to the voice of the people. It should submit to the supervision of the masses and ensure the right of the people to be the masters of their own destiny.

Finally, Secretary Hu Jintao pointed out that party leadership over the work of the People's Congress must be stepped up. He said, "Party leadership over the People's Congress is first and foremost political leadership. It is leadership in principles and policies. CCP committees at all levels should incorporate the work of the People's Congress into their agenda and set aside time to study it. Henceforth, the regional CCP committees and all municipal and county CCP committees should study the work of the People's Congress at least twice each year. People's Congresses at all levels should build up party organizations in accordance with the party constitution. Moreover, we need to expand and improve the memberships of the Standing Committees of various county People's Congresses and the People's Congress liaison offices in the prefectures. People's Congresses at all levels should be assisted in solving practical problems in their work."

Finally, Secretary Hu Jintao expressed the hope that comrades involved in people's work at all levels will fully appreciate the importance of such work and feel a sense of pride and responsibility. They should be inspired with enthusiasm and work hard. They should promote and continue the fine tradition of arduous struggle and advance one step ahead the work of the People's Congress by building on what has been accomplished.

Other leaders including Redi and Tian Congming also addressed the conference.

Reports on People's Congress work in various localities and their problems were presented at the conference by Gao Shizhen [7559 0013 3791], chairman of the Standing Committee of the Lhasa Municipal People's Congress; Luo Sang Dun Zhu [3157 2718 7319 3796], deputy secretary of the Shannan Prefecture CCP Committee; A Kou [7093 2099], deputy secretary of the Naqu Prefecture CCP Committee; Ge Sang Zhan Dui [2706 2718 0594 1018] of the liaison office of the Naqu People's Congress; La Ba Ci Ren [2139 1572 2945 0088], deputy secretary of the Ali Prefecture CCP Committee; Zha Xi La Mu [2089 6007 2139 1191], deputy secretary of the Changdu Prefecture CCP Committee; Jia Bao [0502 0202], deputy secretary of the Rikaze Prefecture CCP Committee; and Zhang Licong [1728 4539 5115], deputy secretary of the Linzhi Prefecture CCP Committee.

Dalai Lama Discusses Tiananmen Incident

40030662a Hong Kong MING PAO YUE KAN [MING PAO MONTHLY] in Chinese No 284, Aug 89 p 1

[Article by Chen Feng 7115 1496: "A Visit to the Dalai Lama—June 4 Incident Attacks Dalai Government in Exile"]

[Excerpt] [Passage omitted] On the afternoon of 20 June, I interviewed the Dalai Lama and here present an edited summary of his comments.

Concerning the Student Movement in Beijing. During this movement, I have issued three statements in the past month, expressing great concern for the student movement, respect for this group of young people, and strong denunciation of the Chinese Communist butchers. That so many students were willing to starve themselves to death moved me profoundly. These are young and wise people, builders of the nation, and have an enormous sense of mission and astonishing will. My heart is with them completely. Every day when I pray I remember them and pray for them. Actually, they probably didn't have to use this method and make senseless sacrifices because their goal cannot be achieved overnight.

Concerning the Chinese Communist Butchers. I feel shock and disappointment. What the students demanded was only democracy and freedom. They were unarmed, yet they were massacred. This violence not only destroyed thousands of worthwhile lives, but also destroyed the future of this nation, and even destroyed this nation. I strongly denounce this violence and will express this viewpoint again in a future visit to the United States. I support completely this student-led democracy movement. Please do not think that I expect anything to come of it. As a monk, I have a sense of responsibility for all mankind, and the basic human rights, welfare, and suffering of mankind do not know national borders.

Concerning World Public Opinion. The strange thing is that when the uprising in Lhasa and its bloody suppression occurred, the Indian Government expressed regret and concern, but the Western governments maintained silence. However, in the suppression of this Chinese youth movement, the Western governments have denounced it, while the Indian Government has been silent. India probably thinks that this suppression is an internal matter for Beijing, but Tibet adjoins India and was not unrelated.

Concerning the Geneva Talks. We are considering temporarily stopping the dialogue with Beijing. To be honest, if a government cannot obtain the general trust and support of the people, it can no longer be the government of the people; there is still some question as to whether the present Beijing Government can represent the people. The last time I proposed talks with Beijing at Geneva in 1989, the talks could not be held, due to three obstacles: First, the Chinese insisted that I appear personally, or the Tibet talks representative could only represent me alone; second, we insisted that the June 1988 Strasbourg Negotiation be the basis for the talks, but the Chinese Communists refused; third, we insisted that a Westerner attend, not as a formal member of the talks, but as an adviser, but Beijing opposed this. Although the proposal for Geneva talks has elicited an enthusiastic reaction in international opinion, they still have not become a reality. Now we have decided to wait until the Chinese Government becomes more practical, rational, and humane.

Namelist of Personnel Changes in Yunnan

40030662c Kunming YUNNAN RIBAO in Chinese 16 Jul 89 p 2

["Namelist of Appointments to Standing Committee of the Yunnan People's Congress (Approved by the Sixth Session of the 7th Standing Committee, 13 July 1989)"]

[Text] Li Shuji [2621 2885 1015], appointed deputy governor of Yunnan;

Zhu Kui [2612 1145] removed as deputy governor of Yunnan;

Wu Guangfan [0702 0342 5400] appointed secretary of the Yunnan People's Government;

Niu Shaoyao [3662 4801 1031] appointed director of the Yunnan National Defense Industry Office;

Ou Zhenkang [2962 2182 1660] appointed chairman of the Yunnan Family Planning Committee;

Jiang Jiazhu [5592 1367 4554] removed as chairman of the Yunnan Family Planning Committee;

Chen Xixiong [7115 1835 7160] appointed chief of the Yunnan Pricing Bureau;

Wang Weicai [3769 4850 1752] removed as chief of the Yunnan Pricing Bureau;

Yu Renping [0205 0088 1627] appointed chief of the Yunnan Building Materials Industry Bureau.

Legislature Issues Revised Banking Law

40060737a Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 33, 14 Aug 89 p 20

[Article by Luo Hsiang-hui 5012 4382 0823: "Short
Commentary on Taiwan's Revised Banking Law"]

[Text] On 11 July, Taiwan's "Legislative Yuan" passed the Revised Banking Law, which has elicited close scrutiny from all sectors of Taiwanese society, and on 19 July Lee Teng-hui approved its announcement and implementation. This bill deals with several important issues, including permitting the establishment of private banks and closing down underground investment companies. This economic legislation is an important part of the effort by Taiwan's authorities to push economic liberalization, and will have an impact on Taiwan's future economic development.

Promoting Economic Liberalization and Orderly Development

The primary objective that Taiwan's authorities are seeking to achieve through this Revised Banking Law is to accelerate the pace of economic liberalization. They hope to make the banking system more sound and stimulate competition between state-run banks and private ones by permitting the establishment of private banks and deregulating interest rates. A secondary objective is to close down underground financial activities and rectify financial order. In recent years the underground investment companies have illegally absorbed large quantities of hot money and have seriously disrupted Taiwan's monetary order. According to press reports from Taiwan, there were more than 800 underground investment companies as of late 1988, and they had absorbed nearly 20 billion New Taiwanese (NT) dollars. The hot money which the underground investment companies have soaked up, and the underground monetary power which they have amassed, is like a time bomb threatening to explode at any moment. Furthermore, the monetary restrictions currently being implemented by Taiwan's authorities have made the interest burden of the underground investment companies heavier and heavier, and the danger grows daily.

Taiwan's authorities have advocated closing down the underground investment companies in the past, and specially created an organ called the "Joint Subcommittee for Dealing with Companies that Take Deposits Illegally." However, according to the explanation later offered by the authorities, it did not have any effect upon the problem due to the lack of clear legal foundations. Taiwan's new "President of the Executive Yuan," Lee Huan [2621 3562], stated on 7 July, in his first press conference since taking office, that relevant departments in Taiwan had brought the names of 173 underground investment companies to the attention of Justice authorities, but only 15 cases were prosecuted. Therefore, this revised Banking Law includes regulations governing the

prosecution of illegally operated underground investment companies. Now there is a legal foundation to assist in shutting down the activities of underground investment companies.

Prodding Underground Investment Companies To Normalize Operations

According to the analysis of the Anti-Crime Center of the High Court Prosecutor's Office, there are four reasons why Taiwan's underground investment companies have grown so rapidly: 1) there is too much hot money in Taiwan and investment channels are too few; 2) interest rates on deposits in financial institutions are too low. Some banks even refuse to accept large deposits; 3) many retired military personnel, government employees, and educators have been forced to find alternative investment opportunities because interest rates offered by banks are too low to get by on; 4) Many people are too eager for high interest rates, and the underground investment companies satisfy their speculative urge. Therefore, the revised Banking Law drafted and passed by Taiwan's authorities closes down illegally operated underground investment companies. By allowing the establishment of private banks, the new law also legalizes some underground investment companies, and redirects some of the hot money which was formerly deposited with underground investment companies toward state-run and private banks.

For the reasons listed above, the parts of the present Banking Law Amendment which have attracted the most attention, apart from its provisions for the establishment of private banks, include the following: 1) Interest rates have been completely deregulated. The only requirement is that they must be annual rates. Their actual levels will be determined in individual places of business. The "Central Bank" will no longer get maximum interest rates for various types of deposits. 2) It is stipulated that nonbanks shall not accept deposits, manage trust funds or public property, or trade foreign currency within Taiwan. Government regulatory agencies shall act in coordination with organs of justice to terminate the operations of any business which violates this provision, and such violators shall be dealt with according to the law. If the violator is a corporation, its legal representative must be responsible for settling all debts. 3) Violators of the provisions of the Banking Law can be sentenced to a prison term not less than one year or greater than seven years, and they can be fined up to NT\$3 million. 4) During financial crises, "Central" regulatory agencies can take necessary measures, including ordering a halt in operations, or sending people to supervise or take control.

Issue of Closing Down Underground Investment Companies Still a "Hot Potato"

This revision of the Banking Law has loosened restrictions which have kept private entities from establishing

banks for 40 years. It is undoubtedly a positive development, and will help quicken the pace of Taiwan's economic liberalization. However, there are serious doubts about just how helpful this amendment will be in closing down underground investment companies. The reasons are:

1) Taiwan's underground investment companies have developed within a society in which there is too much hot money with nowhere to go. If these underground investment companies are to be closed down, new investment channels must be opened up to drain off the hot money and eliminate the attraction that the underground investment companies hold for hot money. In the short run, it appears that the newly revised Banking Law and the acceptance of private banks will not be sufficient to accomplish this. How many underground investment companies will be able to legalize, and how many people are qualified to establish banks, are still problematic issues. Furthermore, when new banks are opened, they will be faced with management difficulties. It will be no easy matter for these banks to establish normal business practices, particularly since, if the authorities are unable to close down the underground investment companies, the latter will establish unhealthy precedents and threaten the survival of normal financial operations.

2) Closing down the underground investment companies presents more than just a legal problem. The fact that previous efforts at closing down the underground investment companies were less than vigorous was, to be sure, related to the lack of a legal basis for action, but even more

important was the fact that the departments involved dared not act, nor were they willing to. To say they "dared not" act refers to the fact that all the departments involved felt that they would be "stirring up a hornets' nest" if they closed down the big underground investment companies. They were deeply afraid of being stung by a swarm of bees, and worried that investigations of the underground investment companies would trigger a financial crisis and threaten social stability. "Unwilling" refers to the fact that all of the organs involved in dealing with companies illegally taking deposits worried that people would criticize them for bankrupting the underground investment companies and causing big losses for investors. They were unwilling to act very aggressively, and pushed off responsibility upon each other. For example, the "Bureau of Investigation" is supposed to be on the front line in closing down the underground investment companies, but for several years now they have only nabbed the occasional company which has already run into problems. They often give the excuse that it is difficult to gather evidence. During the early stages of the revision and discussion of this Banking Law, the government took a very unyielding stance and caused a panic among investment companies and investors. Now, the amendment has been passed and its implementation has been announced, but the concerned departments in Taiwan are still arguing about how to close down illegal companies, and no one has yet done anything "in accordance with the law" or taken any "resolution action to close down" anything. Thus, with only a legal mandate, and without sufficient will or vigor, it is unlikely that the effort to close down the underground investment companies will have any impact.

Analysis of Li Teng-hui, Li Huan Relationship

40050623a Hong Kong CHING PAO [THE MIRROR]
in Chinese No 144, 10 Jul 89 pp 80-82

[Article by Liu Fang 2692 5302: "The Stability of the 'Dual Li Structure' and the Struggle Between Unification and Independence"]

[Excerpt] [Passage omitted] Li Teng-hui serving as president of Taiwan and chairman of the KMT [Kuomintang] and Li Huan serving as minister of the Executive Yuan—this system of adding a "strong cabinet member" to a "strong president" is not a part of Li Teng-hui's plans. After the plenary session of the 13th Party Central Committee last July, Li Teng-hui surprised everyone by asking Yu Kuo-hwa to keep the premier post and, of course, Li does not want to see Premier Yu resign now in midterm. But the "obedient" Yu Kuo-hwa is not so obedient this time.

On 30 April, for the first time, in a meeting with Liang Su-rong [2733 5126 2051], vice minister of the Legislative Yuan, Yu announced his resignation intention. On 8 May, he formally submitted his resignation to Li Teng-hui.

On 17 May, to prove that he is adamant about leaving and to put pressure on Li Teng-hui, Yu Kuo-hwa took the initiative and made public the news of his resignation through Wang Ti-wu [3769 1912 0710], his good friend and publisher of LIANHE PAO [UNION NEWS]. Yu said that his resignation was for the sake of party unity, to give Li Teng-hui the opportunity to reorganize the Executive Yuan, and to pass the baton to the younger generation.

His move brought immediate reaction. At 1600 the next day, Li Teng-hui received Li Huan and told him that he had accepted Yu Kuo-hwa's resignation and that Li would succeed Yu.

The media have always maintained that Yu Kuo-hwa was, in fact, forced to resign. In a TV interview, his wife said, "politics is horrible business." This seems to be sufficient proof.

The question is, who forced Yu Kuo-hwa to resign? Some people think that it was Li Teng-hui, and the reasons are: First, Li and Yu have been at odds over policy matters, and in fact the Office of the President and the Executive Yuan have often gone in opposite directions. Second, Li thinks that Yu is projecting a poor image, which could jeopardize the election battle between the KMT and the Democratic Progressive Party [DPP], and so he let words leak out, and when Yu Kuo-hwa submitted his resignation, he took his time in asking him to stay, forcing Yu to take further action.

At first glance, the above seems to make sense, but in truth it does not hold water. The fact is, despite their political differences, there was still room for compromise. The DPP poses a limited threat to the election battle at the end of the year and, as for the presidential election, it will be decided by members of the National Assembly, and the DPP will have even less to say about

it. More important, however, is that Li Teng-hui could not possibly have put himself in a position of "not knowing whom to pick to head the Executive Yuan," because Li Huan was indeed the choice "of last resort." We will discuss this matter in greater detail below.

The real person who "toppled Yu" should be the one who benefitted from the "toppling of Yu." This is obvious. The truth is, after the 13th party congress, Li Huan and his Department of Organization Affairs were going to start a "topple Yu" movement at the 2d Plenary Session of the 13th party Central Committee. Their ammunition would have been to force Yu to issue a "declaration of war" on the outcome of the election battle at the end of the year. Yu Kuo-hwa's speech about "passing the baton to the younger generation" is no more than his way of expressing displeasure with Li Huan's succession. The battle-shy Yu himself, however, was responsible for handing Li Huan the unexpected windfall.

If Li Teng-hui appreciated Li Huan's ability, if Li Teng-hui was not afraid to have a forceful premier as partner, and most of all, if Li Teng-hui was not worried that this partnership would budge, hamper, or even threaten his own supreme power, then last July, at the 13th KMT Party Congress, he should have appointed Li Huan as the minister of the Executive Yuan. Moreover, Li Huan was very eager to form a cabinet at that time. But Li Teng-hui was not going to do him any favors, nor was he giving the slightest thought to how much Li Huan had helped him fight off the House of Chiang and other forces after Chiang Ching-kuo passed away and how much Li Huan had helped him secure his power base; instead, he threw cold water on him.

Reportedly, there was this little episode: During the nomination of Central Committee members at the 13th party congress, Li Teng-hui was busy making up the list of nominees. He was moving the names around and trying to decide on the proper order when Li Huan entered the room and said, "many elders are prepared to nominate Chiang Wei-kuo to the Central Committee. It is usual practice that the one with the most votes would head the Executive Yuan. If Chiang Wei-kuo gets the most votes, what then?"

When Li Teng-hui heard this, he was taken back at first, but then he said, "I understand. You may go now."

He was too smart for his own good. Li Huan's words not only reminded Li Teng-hui to guard against Chiang Wei-kuo but also reminded Li to beware of him.

Whether this little episode was true or not is beside the point, the rumor that Li Teng-hui bears a grudge against Li Huan is credible.

Of the list of people qualified to head the Executive Yuan, Lin Yang-kang [2651 3152 3263] and Chiu Chuang-huan [6726 0482 3562] would count among the older members. But considering the need to balance provincial power, these two Taiwanese members are obviously not the proper choice. Besides, everybody

knows Lin Yang-kang and Li Teng-hui do not get along. Among the younger members, Chen Li-an [7115 1462 1344], Shih Chi-yang [2457 0796 2254], Fredrick Chien Fu [6929 1788], and Shirley Kuo Wan-Yong [6753 1238 1369] are possibilities. But the media often refer to this middle-aged group as "cabinet trainees," and few would applaud the choice of anyone of them to head the cabinet.

As for Li Huan, none in the KMT can surpass him in political experience and expertise and in overall image. He is accepted not only by the old, the middle-aged, and the young within the party but also by the opposition factions outside of the party. More important is that his succession makes possible the stable relay of power; it will not stir up a political storm. This was probably Li Teng-hui's first consideration when he chose Li Huan as a "last resort."

Second, Li Huan has long headed the Department of Organizational Affairs, and when he takes over the Executive Yuan, he is better equipped than anyone else to deal with the prevailing improper party-government relationship.

Third, with Li Huan heading the cabinet, it will wipe off that "conservative" impression the people have long had of Yu Kuo-hwa's cabinet. Li Huan's dream has come true, and he will give this job his all. This also lays the sound foundation for mobilizing forces in both the party and government systems to take part in the election and ensure victory this year-end.

Fourth, Li Huan as the minister of the Executive Yuan pleases the members of the National Assembly who will determine the outcome of the presidential election, and this will help Li Teng-hui win reelection.

Fifth, with Yu Kuo-hwa stepping down and Li Huan taking his place, Li Teng-hui not only is handed the "power of gold" which he heretofore had no access to, but because his trusted friend James Soong Chu-yu [1345 2806 3342] is taking over as party secretary general, he has also taken a big step toward getting the "power of the party."

Choosing Li Huan at a "last resort" not only has the above advantages, but more important is that Li Teng-hui has one more trump card, and that is, according to regulations, on 20 May next year, after the 8th National Assembly elects a new president (Li Teng-hui, no doubt), the old cabinet must tender their resignations.

That means if Li Teng-hui feels that Li Huan no longer serves any purpose, or that he has become a menace, he can at that time tell him "this is it." On the other hand, if Li Teng-hui feels that Premier Li has been a dedicated assistant, that he has no ulterior motive or intention to seize power or usurp the throne, he can then ask Li Huan to stay for another term. Thus, Li Teng-hui is in a favorable position where he can take the offensive or stay on the defensive, and there are few worries ahead of him.

But even if Li Huan "performs well," he may not be able to stay for another term, because, according to Li Teng-hui's "two-stage reform theory," his most important reform objective is the eventual rejuvenation of the cabinet, and he is obviously not particularly happy to see Li Huan, who is "getting on in years," get another 6-year term as minister of the Executive Yuan. So, Li Huan's cabinet is often looked upon as a "transitional" or "one-year cabinet."

Minister for just 1 year? Step down before the bench is even warm? Naturally Li Huan is not going to let it happen if he can help it. It is not an exaggeration to say that Li Huan treats his premier post as the pinnacle of his political life. He gave it his all at the 13th party congress for this post, and it seemed hopeless at first, but he got his wish despite it all, and he will hold on. He will give it his best performance; he will not give up easily.

Thus, in my opinion, one party wants the premier's job to be temporary; the other party is not willing to be a transitional premier. Henceforth, this will be the focal point of conflict of the "dual-Li system."

In addition, the handling of the affairs of the Executive Yuan by the president and the premier is where the potential conflicts lie. When Yu Kuo-hwa headed the Executive Yuan, because he was a weak minister, Li Teng-hui, in his capacity as president, was able to intervene in the affairs of the Executive Yuan—the choice of cabinet ministers and the decision on the "Asian Bank incident" were Li's. But after Li Huan took over, because he is even more experienced in political affairs than Li Teng-hui and is aided by Hsu Li-te [1776 4539 1795] and other middle-aged financial technocrats, Li Teng-hui's chances of intervening directly is greatly diminished. How the two Li's reach a compromise on this will determine the stability of the "dual-Li system." The general assessment is that Li Teng-hui, in his capacity as party chairman, will try to set up a new mechanism of the "party leading the government."

From the above, it is clear that the "dual-Li system" is indeed unstable. But the kind of intrigue between the two Li's and the internal struggle to the bitter end described by some in Taiwan's media circle is obviously exaggerated.

In fact, it is far more appropriate to describe the "dual-Li system" as both "united and divided." As for how they are united and how they are divided and when they unite as one and when they stand divided will depend on the development and changes in the political situation as well as on how the two Lis give play to their respective political wisdom.

In talking about the conflict between the two Lis, naturally we must turn to their political differences. I personally think that their "unification versus independence" struggle is of the greatest interest to people overseas.

Li Teng-hui is a native Taiwanese. He has never lived on the mainland, nor has he ever been to the mainland. He

has never tasted mainland water and has no personal feelings about the mainland. Furthermore, he received a colonial education under Japanese rule when growing up and later was educated abroad in the United States; he is also a Christian. He lacks the flavor of a real "Chinese." This is discernible in his policies, which reflect his "national independence" (also known as "Taiwan independence") tendency. On the other hand, Li Huan is thoroughly Chinese. This, of course, has to do with his "mainland roots."

Of course, it would be arbitrary and prejudiced to judge one's political tendency based on one's background. But we do not have to go back very far, their attitudes toward the theory of "one country, two governments" reveal the "whole picture" about them:

"One country, two governments" is in fact asking for "two equal governments under the blanket of one China." This suits Li Teng-hui's "legalized, protracted" strategy of "national independence," and as soon as someone came up with the idea, Yu Huo-hwa was told to redouble efforts to discuss and amplify it and try to put it to work. Later, because of strong opposition from the elders, the military, and the political intelligence people, and because of conflict with constitutional law, Li Teng-hui had no choice but to cry "stop"; however, his "national independence" strategy remains intact.

Li Huan was mum on the issue of "one country, two governments" at first, but a few days later, he declared in public that "the party has not discussed such an idea." Later, he said, "this is not the government's policy. It has a serious legality problem." He made it quite clear that he is against it. When Li Teng-hui found out which way the wind was blowing, he also quoted Li Huan's words.

When Li Huan became minister of the Executive Yuan, the first thing he emphasized in his government report was compliance with the Constitution and opposition to any form of separation. He said, "from the standpoints of theory, reality, and the people's wishes, there is very little chance of success for the Taiwan independence movement. Most citizens will not agree to giving up their Chinese status."

Li Huan went on to say, "Taiwan independence is a tool used by a handful of people to create problems. There is no political wisdom in advocating it. It is a dead end." Some people may say that "the mainland is no good, why unify?" But Li Huan firmly believes that "the roots of our national culture is in the mainland."

Li Huan also maintains that it is against the Constitution to force the experienced popular delegates to resign and to hold elections to replace the entire National Assembly. Those who know Taiwanese politics will understand that this, in fact, is to protect the mainland faction and preserve the strength of the unification faction within the KMT.

Thus, in a certain sense, Li Huan, who has been promoted to the post of premier and has the real political power in

hand, has become the spokesman, and commander, of the "unification faction" within KMT. They will rally around him and will do battles under his banner.

Today, the biggest obstacle to Li Teng-hui's pursuit of "national independence" and his specific measures to promote that strategy, such as his "flexible foreign diplomacy," is the KMT's constitutional rule, and it is the "Li Huan faction" which is, in fact, pushing the constitutional rule. Thus Li Huan's promotion in fact is playing a part to offset Li Teng-hui's independence and separatist tendency. [passage omitted]

Tiananmen Incident Disturbs Mainland-Taiwan Relations

40050626a Hong Kong CHING PAO [THE MIRROR]
in Chinese No 144, 10 Jul 89 pp 86-87

[Article by Song Kehan 1345 0344 1383: "Beijing's Turbulence and the Relations Between the Two Sides of the Straits—How Much Impact Did the 'June 4th Incident' Have on the Relations Between the Two Sides of the Straits? Will the Door Opened to Both Sides Close Again?"]

[Text] Both Ruling and Opposition Parties of Taiwan Support the Democracy Movement of the Mainland

The democracy movement of Beijing students was a mighty movement started by the mourning of Hu Yaobang's death to oppose corruption, official profiteering, and degeneration and to fight for democracy and freedom. After mid-April, it went through several climaxes. On the evening of 19 May, Premier Li Peng of the State Council delivered a speech and declared martial law effective the next day. Later, it developed into the great suppression in the Tiananmen Square on 4 June. At first, Taiwan's reaction was very slow. As the whole world voiced opposition to the mainland for carrying out cruel suppression, Taiwan's attitude toward supporting the student movement of the mainland gradually became clear. First, civilian organizations organized assemblies and demonstrations of various circles to oppose Communist China for suppressing Beijing's student movement. After the June 4th Incident, higher levels of the Kuomintang (KMT) finally broke the silence. High-ranking officials of the KMT, from President Li Teng-hui to Li Huan, president of the Executive Yuan, and Yu Kuo-hua, former president of the Executive Yuan, made personal statements one after another to denounce Communist China for suppressing the student movement and clearly stated Taiwan's policy on the current regime of the mainland. For instance, a "memorial service for the compatriots on the mainland who died for the democracy movement" was held in Taipei on 14 June. Attending the service were Li Huan, president of the Executive Yuan of Taiwan; Huang Tsun-chiu, president of the Control Yuan; He Hsuan-wu [0149 1357 2976], secretary general of the National Assembly; Sung Chu-yu [1345 2806 3842], secretary general of the KMT Central Committee; Hsu Shui-te [6079 3055 1795]; Hsiao Tien-tsan [5618 1131 6363]; Ma Ying-chiu [7456 5391 0046]; and Wu Po-Hsiung [0702 0130 7160]. They all delivered

speeches to denounce the massacre in Beijing. At the service Li Teng-hui also called upon all countries and urged the departments concerned in Taiwan to do their best to provide all possible assistance to those who fled Beijing.

On the day of the incident, 4 June, Li Teng-hui called an emergency meeting of the party, government, and armed forces and instructed leaders of the departments concerned to adopt corresponding measures as soon as possible. Such measures included releasing statements to denounce Communist China, having the Ministry of Foreign Affairs notify all friendly nations about Taiwan's concern over the developments on the mainland, having the Taiwan Red Cross donate blood to help students who were wounded and sick in the Tiananmen incident, and ordering the three armed forces to enter the state of highest alert. Although the KMT's response was criticized by some newspapers as "being half a beat too slow," the Taiwanese authorities have, after all, reacted vigorously to this matter.

Exchanges Between the Two Sides of the Straits Are Affected

Statistics show that since Taiwan allowed its people to visit relatives on the mainland in 1987, the number of Taiwanese visiting relatives and sightseeing on the mainland had reached 600,000 as of April 1989. At the same time, entrepot trade between the two sides of the straits had increased rapidly. In 1988 indirect trade between the two sides was \$2.4 billion. Business circles originally estimated that the figure may reach \$3.3 billion this year. Taiwan's business investment on the mainland was \$400 million at the end of 1988, and it was originally estimated to reach \$800 million to \$1 billion this year. Especially in early May 1989, after Kuo Wan-jung, Taiwan's minister of finance, led a delegation to Beijing to attend the 22d convention of the Asian Bank, under the impact of "Kuo Wan-jung whirlwind," civilians in Taiwan hastened their steps in developing economic relations and trade with the mainland. On 7 May, the day Kuo Wan-jung returned to Taiwan, Taiwan's Ministry of Economic Affairs announced a decision to conditionally permit Taiwanese enterprises to make indirect investments in Mainland China. On 28 May, Ma Ying-chiu, executive secretary of the Mainland Work Report Committee under the Executive Yuan of Taiwan, revealed that Taiwan was studying the possibility of permitting conditional indirect trade with the mainland—namely, specifying on the "export permit" that the final destination of goods is the mainland so as to "fully grasp the development of economic relations and trade between Taiwan and the mainland." This shows that the Taiwanese authorities were full of confidence about developing trade between the two sides of the straits until June, even after Beijing's announcement of martial law.

As soon as the shooting started around Tiananmen on 4 June, the relations between the two sides of the straits

suddenly reversed. The Taiwanese authorities immediately announced that "we should temporarily adopt a wait-and-see attitude toward trade and investment with the mainland." Li Huan, president of the Executive Yuan, urged the public to temporarily stop the activity of visiting relatives on the mainland and reiterated that manufacturers were not allowed to make direct investment on the mainland at the present stage. The authorities promised to give limited assistance to those manufacturers who had decided to withdraw their investment from the mainland.

KUNGSHANG SHIHPAO [INDUSTRIAL AND COMMERCIAL JOURNAL] of Taiwan reported: "Due to the worsening turbulence of the mainland and in consideration of the safety of people currently staying in Mainland China, Taiwan's shoemaking, eel-breeding, textile, screw, machine-building, tool, and tourist industries have begun to withdraw in an all-round way. At the same time, scattered manufacturers who were inspecting the mainland or purchasing goods also left the mainland ahead of schedule."

It was reported that Taiwanese and foreign investment which was withdrawn due to the change in the mainland situation has been transferred to Taiwan or Southeast Asia.

Taiwan Revises Its Mainland Policy

At a recent meeting of the KMT Central Committee, Li Teng-hui listened to reports on the mainland situation and "overseas and domestic support activities" delivered by the Central Mainland Work Commission, the Overseas Work Commission, the Social Work Commission, and the Cultural Work Commission. Then he called Li Huan, president of the Executive Yuan; Sung Chu-yu, secretary of the KMT; Hao Po-tsun [6787 2672 2625], general chief of staff of the three Armed Forces; and Sung Hsin-lien [1345 1800 3425], director of the Security Bureau, to a high-ranking closed-door meeting to study and discuss the current mainland situation and to review the current stage of mainland policy. It was reported that the analysis of the mainland situation put forward after study by Taiwan's high-ranking officials suggests that Taiwan's open policy is beneficial to Taiwan, so the policy of allowing Taiwanese to visit relatives on the mainland will remain unchanged. However, the "three nos" policy will not be abandoned. Li Huan said that, due to the Tiananmen incident, Taiwan's policy on Beijing should "have more political foresight, be more prudent, and give more consideration to consequences" while putting more emphasis on "hostility" to the mainland regime, based on the "human-rights principle." As for opening up at other levels, he said that we should not expect anything. He specifically dwelt on four points: 1) The mainland policy should be carried out gradually, not too hastily and vigorously—meaning that there will be no breakthrough. 2) We must pay attention to the safety of Taiwan. 3) We should support the democracy movement on the mainland. 4) Our goal should be to influence the Communist Party of

China. In other words, opening to the mainland is a "political attack," as he had pointed out sometime ago. But this "political attack" is not to "replace the mainland regime" but to "indirectly result in a revolution on the mainland."

However, opinions within the KMT are not unanimous on this issue. Some people represented by Shen Chang-huan [1088 2490 3562], senior conservative of the KMT, think that the time has come for us to stage a "counter-attack on the mainland." In his speech at the meeting of the KMT Central Committee on 7 June, Shen Chang-huan set forth the 16 character principle of "unifying all people, consolidating our bases, overthrowing despotic rule, and rebuilding China" and hoped to use it as a political slogan to be publicized among the people. He thinks "Now the darkest as well as the most glorious time of the mainland has come. When the whole world is watching the movement of the KMT, the KMT should fully seize this opportunity." Yu Kuo-hua, member of the KMT Central Committee (former president of the Executive Yuan), pointed out "It is that Communist China has used troops on students, Taiwan has no more misgivings, as it did before. We should take concrete action and be prepared to return to the mainland." Hao Po-tsun, general chief of staff, described the June 4th Tiananmen Incident as "the second Huang Hua Gang Massacre of the Chinese nation." What he meant is obvious without saying.

However, with regard to the opinions of these senior conservatives, Li Teng-hui's conclusion was that "currently we should fight action with silence" and "we should be best prepared for the worst possible developments in the mainland situation." He ordered the three armed forces to be on the highest alert and announced at the same time that "high ranking party officials must not make casual statements on the change in the mainland situation. The party should have a unanimous view on this issue." This shows that he did not appreciate the "opinions" of Shen Chang-huan and his group.

However, Li Teng-hui has not been "observing" and "waiting" by doing nothing. Instead, he has assumed a series of active offensives. For instance, the ban on direct dial telephone service between Taiwan and the mainland was lifted recently, telecommunications and Chinese-character facsimile services have begun, and direct postal and telegram services have also opened. Li Teng-hui declared, "Taiwan has only practical diplomacy, not clastic diplomacy." This shows that after the June 4th Incident, Taiwan pushed the "prospect of peaceful reunification of China" even farther into the future.

Strengthening Mainland Intelligence

After the June 4th Incident, on the one hand the Taiwanese authorities felt that the situation was very beneficial to Taiwan. For instance, Chang Hsiao-yen [4545 1321 0917], deputy director of the Political Department of the Ministry of Foreign Affairs, said "In the past when those

countries, which recognized Beijing but were concerned about Taipei, dealt with free China, they were constantly afraid that they might make Communist China mad at them. But after the June 4th massacre, foreign governments do not worry as much when they make actual contacts with free China. The prospects for the diplomatic future of the Republic of China are very bright!" On the other hand, the Taiwanese authorities also discovered many weaknesses and deficiencies in mainland work, especially mainland intelligence. It was reported that when Deng, Li, and Yang planned to take severe action to suppress the student movement, Taiwan's intelligence personnel on the mainland had not even a clue as to what was going to happen. As a result, when the June 4th incident occurred, high ranking officials in Taiwan were caught by surprise and had to seek countermeasures in a rush while the mainland was out to arrest "Taiwanese special agents" and accused "Taiwanese special agents" of having a plan for this "counterrevolutionary riot." This "compliment" made Taiwan's intelligence organ "feel flattered" and undeserving. According to the report of Taiwan's military newspaper, MINSHI NEI PAO, in order to have a good understanding of the military situation on the mainland, the Military Intelligence Bureau under the Ministry of National Defense of Taiwan quickly formed a "military intelligence research and analysis center" to "report directly" to President Li Teng-hui intelligence on military movements, conflicts, and war preparedness on the mainland. It was reported that after President Li Teng-hui ordered the three armed forces to be on alert, the military intelligence bureau immediately called the relevant aides and staff of various units to the "temporary command post" to collect mainland intelligence round the clock, including data collection, analysis, and determination, translation, and monitoring work. Through special channels, it also ordered special agents on the mainland to keep a close watch on military movements on the mainland and to report to the president at any time.

While strengthening mainland intelligence work, Taiwan also strengthened the organization and functions of the mainland work committee and will add a secretariat, special aides, and daily routines to the Mainland Work Report Committee of the Executive Yuan to help the Mainland Work Report Committee play an effective and concrete role with regard to policies. It was understood that the Mainland Work Report Committee has recruited 10 full-time staff members as the first step in establishing the secretariat.

In sum, the cruel suppression of the democracy movement on the mainland by the CPC has caused the relations between the two sides of the straits to deteriorate seriously, spoiled almost everything the CPC has achieved over the years in the united front work of Taiwan, and made the future of China's reunification even dimmer.

Profile of Independence Leader Li Hsien-jung

900N0042A Taipei TZULI WANPAO in Chinese
20 Aug 89 p.2

[Article by staff reporter Wu Tien-jung 0702 0368 5554]

[Text] If there is a story behind everyone overseas on the blacklist, then World Association of Taiwanese Compatriots chairman Li Hsien-jung's [2621 2009 2837] story is undoubtedly a rather bland one. He went from being a law school student diligently pursuing studies in judicial justice to an overseas activist who overcame the blacklist, returning to Taiwan to publicize the Taiwanese independence movement. Almost each step of the way he was guided by his own thinking rather than the influence of any persecution he experienced.

Although Li Hsien-jung gained temporary fame when he "broke the blockade" to return to Taiwan, he is still not known by many who live in Taiwan. People's second strongest impression of him was last year at the time of the World Association's first annual meeting. Because he failed to obtain a visa, he was unable to come to Taiwan and was forced to hold the association's council meeting in Japan. From there, by means of overseas telephone calls to the annual meeting, he demanded the overthrow of the "nationalist bandit regime." Another impression that people have is that of his victory sign and smile that he displayed when he suddenly appeared at the Kaohsiung meeting of the association.

The impression from these two events is of an athletic person of extreme intensity. However, he is, in fact, quite refined. People who know him fairly well see him as a scholarly person with rather strong political abilities. It was precisely because of the obvious talent that he displayed at the World Association of Taiwanese Compatriots that he was reelected association chairman.

Li's personal history contains very little that would astound the world. He was born in Taichung in 1942. After graduating from Taichung senior vocational school, he set his heart on promoting justice for the people. Therefore, on his university application forms, he marked the law department on each one. He was admitted to National Chen Chih University, his second choice.

While studying at National Chen Chih, he was a model student, making the honor roll almost every semester. He was also able to earn scholarships for excellence in the four categories of academics, deportment, military training, and physical education. Now, when Li looks back, he describes himself with self-mockery as the good student excelling both academically and morally.

Not only was Li successful, he was also quite active in campus organizational activities. He was the 2d year general secretary for the National Chen Chih Law Association, an experience that was immensely beneficial to him later in his efforts to promote Taiwanese compatriot associations. The 1st year general secretary was Legislative Yuan member Yu Ch'ing [1429 3237] who was also Li's classmate and roommate.

The experience Li gained during his military service had a fairly strong influence on him. At the time, he was assigned to a class for combat government administration and judicial training. He held the position of military judge and received training along with regular judges. It was then, after listening to the judges talk, that he learned the seamy side of the judicial world. It was because of this that he gave up any intention of becoming a lawyer or judge. Realizing that this was a major turning point in his life, Li decided to change his field of study to politics.

There was another event that occurred while Li was serving in the military that caused him even greater disappointment in the government and dissuaded him from advocating systemic reforms from within. When he held the position of military judge, he was serving in an armored unit as political combat officer. On the basis of their handwriting, two suspect soldiers were brought in for punishment under military law for having written "Down with Chiang Kai-shek" and similar slogans in the toilet. Li sent the handwriting samples to the laboratories of the criminal investigation battalion and of the national defense intelligence group for authentication. They determined that the two soldiers did not write the slogans, and as a result, no disciplinary action was taken.

After the event, the chief of the political combat unit often admonished Li and threatened him, and he began to examine his letters. These things profoundly disgusted Li.

After leaving the service in 1968, he received a full scholarship from the University of Illinois political science department. Two years later he received a master's degree in political science, and a year later, he obtained a University of Texas doctorate in political science.

When Li was studying in the United States, most of the schools had only Chinese student associations. In addition to Taiwanese students, participants included Overseas Chinese from Hong Kong and the Philippines. Li thought that this kind of student association was stupid. Therefore, at Illinois and at Texas, he organized Taiwanese student associations and served as chairman. Afterward, Li realized that it was these activities that caused him to become a blacklisted element.

When he was a student in the United States, Li still spent most of his time studying. In addition to activities connected with the Taiwanese student associations, he often took part in university-sponsored discussion meetings on Taiwan. During these meetings he frequently debated issues concerning Taiwan's future with ROC [Republic of China] representatives stationed abroad. Li felt that he was merely pursuing academic truth. However, government officials firmly believed that, right from the beginning, his political views violated basic government policy.

After completing his studies, Li originally thought he would return to Taiwan to work. He very much hoped he could return to his alma mater, National Chen Chih University, and take up a teaching position. However, when he inquired of his friends, he found that the

political science curriculum in Taiwan universities was still stuck in the study of T'ang dynasty governmental systems. Moreover, before any curriculum changes could be made, they first would have to be ratified by the Ministry of Education. Given these restrictions, he felt that there was no way he could return to Taiwan to teach political theory. He therefore gave up his intention of coming back to Taiwan to teach.

At the time Li asked a youth guidance association to help him find work. It put him in touch with a news bureau job, but government work did not interest him. Then to help a friend, he taught a class at Illinois. Afterward, he stayed on at Illinois in a formal position.

For Li Hsien-jung, a major change that occurred during his studies in the United States was his support for Taiwan independence. Li claims that when he left the country he had only a Taiwanese consciousness. Later, stimulated by academic discussion and cosmopolitan surroundings, he awoke to the fact that independence was the only way out for Taiwan.

It was when Li was studying in the United States that the Chinese Communists entered the United Nations. When the ROC withdrew from the United Nations because of its unwillingness to coexist with the Chinese bandits, Li pointed out that the government in fact only controlled Taiwan, although it persisted in declaring that it represented the entire Chinese mainland. In the past this was not a problem. But once the Chinese Communists increased their strength, then the ROC would face a predicament. Prior to withdrawing from the United Nations, the ROC had the opportunity to remain under a formula of dual representation. Later, because it persisted in representing the entire mainland, it had no choice but to withdraw. Li felt that this was really too bad.

Deeply affected by the debate that took place during this period, Li, after profound reflection, defined his ideas concerning his adherence to Taiwan independence.

Li now lives in Canada. His main interest is researching Taiwan independence theories. This includes the possibility of Taiwan becoming independent, as well as what will happen once it does.

When Li returned to Taiwan this time, he was not satisfied to merely discuss the blacklisting issue. He immediately joined with people of the independence faction, tied the silk scarf of "Independent Taiwan" on his head, and constantly rushed here and there making speeches and taking part in demonstrations. The Ministry of Interior notification demanding that he leave the country within a set time did not seem to affect him much. It could be seen from his manner in dealing with reporters and large groups of people that he very rapidly went from being a scholar researching the theories of Taiwan independence to a political activist vigorously promoting Taiwan independence. For Li Hsien-jung the decision to do so was the result of deep reflection.

'Old,' 'New' KMT Distinctions Called Meaningless

900N0042B Taipei TZULI W'ANPAO in Chinese
29 Aug 89 p 14

[Article by Chou Wei-tung 0719 3956 0392]

[Text] The "new" KMT [Kuomintang] is actually a small handful of KMT reformers who generally are differentiated from the "old" KMT by youth, health, vigor, moderate methods of reform, and eloquence. They often take part in social activities. However, their most outstanding characteristic is the opposition role they perform at the opportune moment, at the appropriate place, and to the proper degree. This type of gentle opposition, the purpose of which is merely opposition in form only, often wins the vigorous cooperation of the authorities. This then is the new KMT, a new and developing interest group within the system. Situated on the edge of both the system and those opposing the system, they gain advantages from both sides. They both enjoy influential assignments from the main ruling clique in the KMT and attract opposition power from outside the system. The results of the opposition camp's long, bitter struggle are hailed by them as their own, just as the KMT is the first to take credit for the results of a local literary debate.

In 40 long years of autocratic rule, the KMT has openly shown itself to be despotic, stupid, incompetent, and corrupt. Anyone can recognize this. And no one can deny that right up to the present most of Taiwan's resources are still being monopolized by these stupid, autocratic, old men. As the out-of-power forces gradually gained strength after long hardship, an old-wine-in-new-bottles KMT suddenly emerged on the election scene, using clever, fashionable slogans of rebellion harmless to the system and superficially separating them from the old KMT. Deliberately obscuring and diluting the clear-cut stand of the opposition forces, they seized the political resources that the opposition parties had built up over a long period of time. This then is the new KMT, a piece of old merchandise in the new wrappings of postmartin' law.

At the same time, the separation between the "new" and the "old" also represents the rise and decline of new and old forces within the KMT. No matter what period of history or where, whenever the differences between the "new" and the "old" are obscured and a clear line of distinction is not strictly demarcated, the "old" faction will inevitably represent backwardness and lack of progress while the "new" faction will embody the entirety of both the "old" and the "new." Only superficially will it generate differing values. Its intentions will be no different whatsoever. It will be well matched with the forces of the "old." When the "old" is gradually and totally banished, the reality of the "new" becomes that of the "old." The differences between the "new" KMT and the "old" KMT are in effect meaningless.

Authorities Urged To Recognize Voters' New Awareness

980N0042C Taipei TZULI W'ANPAO in Chinese
29 Aug 89 p 14

[Text] According to indications from a public opinion poll on the Taiwan independence issue and the elections published yesterday, Friday, in TZULI TS'AO PAO [TZULI MORNING NEWS], if the candidates in the yearend elections were to hold meetings to explain their views on Taiwan independence, more than 60 percent of those interviewed in the greater Taipei area said they probably would not attend such meetings. However, if the candidates were to take "the new country, the new Constitution" as discussion topics, then 47.5 percent said they would want to go listen.

This same poll also indicated that 67.7 percent of the people in the greater Taipei area were familiar with the debate on the issue of Taiwan independence. Some 41.1 percent of the people recognized that they were free to advocate Taiwan independence, and some 62.6 percent were convinced that Taiwan independence would provoke an armed attack from the Chinese Communists.

When you compare the survey made by TZULI TS'AO PAO with the one made on 3 September by the Public Opinion Polling Foundation, which found that 15.8 percent of the people approve of Taiwan independence, it is easy to see that the debate concerning Taiwan independence has gradually become a public concern in the last year or two. Throughout the country and overseas all kinds of surveys are constantly being carried out, and people are beginning to have the courage to express their opinion in questionnaires on whether or not Taiwan should be independent. Given this phenomenon, what has been the genesis of all the opinion polls, and how reliable are they? Basically, it is easy to see that since the government lifted martial law, Taiwan's social structure has had more of a tendency to be open, pluralistic, self-confident, healthy, and rational. Moreover, people's ability to ask questions, their level of knowledge, and their independent judgment have also tended to improve. In looking down the road to building a comprehensive system of democratic freedoms, we think that it is gratifying that the Taiwanese people are beginning to express their ideas in a rational and self-confident manner.

We would like to remind the opposition political factions and the candidates who are taking part in the yearend elections that, with Taiwan's society beginning to discuss the country's future, they should be well aware of the people's ability to decide for themselves in exercising their franchise. They should be aware that some support independence and that others oppose it, that some support unification and that others oppose it. Some will give their approval only if the candidate advocates a certain view, and others only if he advocates the opposite view. If they are to win the approval of the voters, the various political parties and their candidates must genuinely understand the trend in society toward openness,

must engage in a fair debate of the issues, and must respond reasonably to questions.

We would like to appeal to the governing authorities to face up squarely to the growing support for Taiwan independence on the part of the people and to the fact that 40 percent of the people recognize that they are free to advocate Taiwan independence and are free to speak on other issues. We ask that the governing authorities make a sincere self-criticism of their having gagged free speech for 40 years, a constitutional right filched from the people. We ask that the governing authorities abolish all the emergency laws and regulations, that they carry out a thoroughgoing reform, and that they let a system of genuine freedom and democracy be instituted in this fine land. Only in this way will it be possible to govern long and in peace.

National Assemblymen Support Chiang Kai-shek's Son

OW2210181889 Taipei CHINA POST in English
17 Oct 89 p 12

[Text] More than 100 members of the National Assembly, or electoral college, who last faced elections in mainland China four decades ago, formed an alliance Sunday, according to the local press.

The "ultimate goal" of the alliance is to support Wego Chiang, secretary-general of the National Security council, as vice president, the Chinese-language UNITED DAILY NEWS said.

Chiang is the youngest son and the younger brother of the late Presidents Chiang Kai-shek and Chiang Ching-kuo, respectively.

The assemblymen, led by Chiang die-hard Teng Chieh, will throw their weight behind "whoever can lead them back to mainland China," the daily said.

Teng's relationship with the Chiangs dated back to the days when he was the Kuomintang's first whip in the assembly shortly after the Nationalists retreated to Taiwan from mainland China in 1949.

During the KMT's congress July last year, Teng's drive to create a post of vice chairmanship lost steam. The new post had been intended for Wego.

President Lee Teng-hui, who is also chairman of the KMT, has yet to make public who will be his running mate.

The local press has reported of a rift between Lee and Wego.

The formation of the alliance comes two weeks after Lin Yang-kang, the only native Taiwanese with as much political clout as Lee, said the vice presidency is "acceptable" to him.

Commentary Hails Policy To Allow Return of Dissidents

OW2210084789 Taipei International Service in English
0200 GMT 21 Oct 89

[Commentary by Joanna Fu: "The So-Called Black List Dwindles"]

[Text] THE CHINA TIMES, one of the most influential newspapers in the Republic of China on Taiwan, reported on Thursday that the government is preparing to allow exiled former dissidents to return to Taiwan. This is commentary for the Voice of Free China. I am Joanna Fu.

The paper, which normally has an inside track on ruling party affairs, quoted unnamed sources for the report. The measure is being taken so as to reduce tensions between the ruling Kuomintang, ora nationalist party, and the major opposition parties, especially the Democratic Progressive or DPP. The government hopes that the move will pave the way for more harmonious national parliamentary elections slated for this December.

In days now gone by, the government maintained a short list of those former dissidents barred from entering the country. Most on the list were charged with seditious activities. Some had brazen terrorist tendencies, or so declared themselves to be terrorists trying to overthrow the government by force. For obvious reasons, these few individuals were blacklisted from entry.

As time passed by, however, many of the former radicals mellowed out. Some of these people are being welcomed back. One such former radical is Hsu Hsin-liang. A former county magistrate, Hsu fled the country in 1979 and settled in the U.S. There, he operated an organization with declared terrorist intentions. In the mid-eighties, however, Hsu mellowed out and began to seek a dialogue, and the right to return, though sedition charges still pending against him. He tried unsuccessfully to steal into Taiwan in 1987, and was recently caught by the Coast Guard on another attempt. Authorities decided to let him to face the charges.

Hsu's case drew attention to the need for a compromise in handling the cases of former dissidents now seeking to return home. The government's policy has been to liberalize entry of these blacklisted persons on a gradual, case-by-case basis, to ensure that none of them present continued risk to the stability of the island.

Then, after several former dissidents stole into Taiwan earlier this year, the government became even more

hard-pressed to take actions to alleviate the tensions building with opposition parties. THE TIMES reports that one of the more well-known dissidents, Peng Ming-min, a former head of the Political Science Department at National Taiwan University, will be allowed to return as part of the newly relaxed entry rules. Peng has become an anomaly of the the times since he has many friends in high places in the government. In the current open and competitive political environment on Taiwan, his return is viewed as perfectly normal.

THE TIMES did report, however, that hardcore terrorists, those suspected of having committed terrorist acts, will not be allowed in. Also, anyone who still advocates the violent overthrow of the government will not be permitted entry. That makes sense for security reasons. But, moreover, it makes sense because those people have no constituency at all on Taiwan. That brand of sixties-style radicalism has no place in the political environment of today's Taiwan. But there is a place for the intellectuals who plan constructive roles for themselves in pushing democracy forward on Taiwan. The government welcomes them home.

Taiwan Determined To Reapply to GATT

OW2210094589 Taipei International Service in English
0200 GMT 19 Oct 89

[Text] Vice Minister of Economics Chang Pin-kung stated at the Legislative Yuan on Wednesday (18 October) that only after certain domestic policies are changed and adequate lobbying is done on the international scene, will the ROC [Republic of China] submit an application to reenter GATT, that is, the General Agreement on Tariffs and Trade. Chang said that being a member of GATT offers more advantages than disadvantages, and thus the ROC is determined to apply for a membership in the international trade organization. However, he noted that certain domestic, trade, and economic policies must first be implemented before the ROC is in line with international standards.

In terms of protecting the local agricultural industry, Chang said that the focus of the government energy will be on adjusting agricultural policy here rather than relying on the establishment of import restrictions. Pointing to beef, he said that domestically raised cattle only accounts for 20 percent of all beef consumed by the island. Chang said that temporarily suspending the issuances of these import licenses does not represent import restrictions on beef but rather the government's determination to protect the rights of local consumers.

Tiananmen 'Bloodbath' Intensifies Hong Kong Fears

40050620a Hong Kong KUANG CHIAO CHING
[WIDE ANGLE] in Chinese No 202, 16 Jul 89 pp 26-28

[Article by Lu Zijian 4151 1311 0256: "The Panic of Hong Kong Residents—The 'June 4th Incident' and New Developments in the Political Situation"]

[Text] Can Hong Kong Investors Rest Assured?

Ten years ago, when the 1997 issue had just begun to surface, Deng Xiaoping received a group of Hong Kong businessmen. He told them that Hong Kong investors could rest assured.

Deng Xiaoping's remark alone was, of course, not enough to reassure Hong Kong investors. China later did a great deal of work in Hong Kong. On the one hand, China signed a very reassuring agreement with England, promising that Hong Kong can have high-level autonomy and that the current social system and lifestyle can remain unchanged for 50 years after 1997. On the other hand, Chinese capital has vigorously entered the Hong Kong market and become an important force for stabilizing Hong Kong's economy. The forces of Communist China in Hong Kong have tried their best to expand the united front to especially win over Hong Kong investors and upper-level personages to show the determination that China will definitely not change Hong Kong's capitalist system.

Hong Kong People's Confidence Hinges on China's Performance

In fact, regardless of China's Hong Kong policy, Hong Kong people's confidence hinges on China's performance—not only in Hong Kong policy, but also in the development of China itself. At first, Hong Kong people had very little confidence in their future. Later, their confidence slightly increased and the key factor was China's progress in the past decade. After Deng Xiaoping carried out the reform, China gave people a fresh image. The fact that China took the road of seeking self interest, rationality, and economic prosperity played a great role in increasing Hong Kong residents' confidence. Hong Kong can play a positive role in China's modernization. If Chinese leaders are rational, they will treasure this role and volunteer to keep Hong Kong from changing. This point has become an assumption in recent years during the discussion of China's policy on Hong Kong by Hong Kong people.

The June 4th Incident, however, completely negated this assumption. Those in power in Communist China carried out a bloody suppression of the democracy movement and denied everything they had said earlier, including that they would not settle accounts with the students after the movement and that they affirmed the patriotic zeal of students. All this has left Hong Kong residents bitterly disappointed. How can they have any confidence in the many promises China has made on Hong Kong's future?

What has a greater influence is that, during the June 4th bloodbath, Hong Kong residents discovered that they could not find a rational explanation for the action of those in power in Communist China. They think that those in power in Communist China would not hesitate to sacrifice their interests to protect the "red nation." The Chinese Government still insists that its Hong Kong policy will remain unchanged. But if those in power in Communist China consider Hong Kong a counterrevolutionary base, nobody knows for sure that they will not sacrifice self-interest, resort to violence, ignore public opinion, and forget everything to solve the problems caused by "a handful of Hong Kong people."

The efforts Communist China has made in the past 10 years to reassure Hong Kong people went down the drain overnight. As a matter of fact, after the Cultural Revolution and the downfall of the gang of four, outsiders still had a wait-and-see attitude toward the so-called "great awakening" of China, and Communist China was still in a probation period. When a political power still "under probation" made another serious mistake and even committed a monstrous crime by killing thousands of civilians, its crime was automatically increased, and Hong Kong residents could only give up their illusions. In the next few years some Hong Kong residents may be forced to "socialize" with those in power in Communist China, but how can one remedy a mistake like this?

Time Waits for No One: Once It Is Gone, It Is Gone

The crisis in confidence has become the most urgent problem facing Hong Kong. When Sino-British negotiations first began, those who planned to emigrate sometimes tried to leave something behind so that they could come back to Hong Kong to "fight." Moreover, since they were 10 more years away from 1997, it was more than possible to double what they owned, judging from Hong Kong's growth rate at the time. Now that there are only 8 years left, those who are leaving Hong Kong no longer plan to come back, and outgoing funds and competent people will be lost forever.

During the democracy movement in China, Hong Kong people vigorously supported the movement with the hope that the success of the democracy movement would push China onto the road of democracy and freedom. If this ideal were realized, Hong Kong residents would have had more confidence in facing 1997 and the reunification of Hong Kong and Mainland China. But this hope has been dashed with the June 4th bloodbath.

Crisis in Confidence Must Not Be Underestimated

During this incident, Hong Kong people were angry at first, then in grief, and then scared. Fear has now widely affected many people in Hong Kong. In the past, when Hong Kong residents worried about their future they were afraid of economic recession and losing democracy and freedom. Now they are worried about personal safety. In other words, most Hong Kong people have

more or less the mentality of political refugees and are afraid that they may be subject to political persecution after 1997.

Political Fever Turns Into Political Panic

A fever has quickly turned into a panic. After giving support to the democracy movement in China, many Hong Kong people have turned their attention to their own situation and put forward self-protection and self-salvation plans. Under this background, the acceleration of emigration has, of course, become unavoidable. Moreover, a mass movement to seek British residence has also occurred. In fact, seeking the right to live overseas in order to save Hong Kong is self-contradictory in principle even though in reality we live in contradictions. Using emigration to save the nation is indeed an irony, and Chinese have been going overseas for over a century. This bitter history is an exact picture of the contradiction the Chinese are now facing. When it comes to the point that personal safety is threatened, we can no longer criticize those who leave their hometown. None of us criticize the leaders of the Chinese democracy movement for fleeing to foreign countries. By the same token, how can we criticize those Hong Kong residents who are vigorously looking for an exit and buying insurance?

The above situations show that the seriousness of the current crisis in confidence must not be underestimated. It is much more serious now than ever before. First, this is because Hong Kong residents have already given Communist China a chance—a chance of "probation." After Communist China committed another mistake, the "preferential treatment" it had received from the outside during its probation was automatically canceled. The accounts it has to settle include not only the suppression of this democracy movement, but also various mistakes committed in the past. Second, since it is not long until 1997, there is, of course, not enough time to rebuild confidence and it is also very difficult for those who have left Hong Kong to make arrangements to return to Hong Kong within such a short period of time. It is believed to be impossible to really entice those Hong Kong people who have left to return unless Hong Kong is really safe and sound between now and sometime after 1997. Third, those who are seeking ways to leave Hong Kong worry not only about the change of Hong Kong's situation as a whole, but also about their own personal safety. On this plane, neither rationality nor morality suffice to oppose those who are buying insurance for personal safety. Those who used to have confidence and persuaded others to stay in Hong Kong no longer have enough reasons and courage to give similar advice.

At this time many people naturally begin to offer advice and suggestions on how to reassure Hong Kong residents. For instance, seeking British residence is now seen as a way to reassure Hong Kong people. In addition to seeking British residence, the movement of Hong Kong people to save Hong Kong has also suggested speeding up the democratization of the political system and adopting the bill of human rights. These goals are all important and worth

fighting for. I will not repeat here how important these goals are. What I want to bring up is that while we fight for these goals we must have a clear understanding of the situation so that we know how to combine these goals with the political situation in real life.

Future Contradictions of China and Hong Kong

In the foreseeable future, it is very likely that contradictions existing in two aspects of China-Hong Kong relations will be intensified. These two aspects have a close bearing on the above-mentioned goals. First, the Basic Law, especially the part on the political system, is closely related to speeding up the democratization of the political system. Second, the relationship between Hong Kong people and China's democracy movement is closely related to the bill of human rights.

After the June 4th Incident, speeding up the democratization of the political system seems to have become a common understanding of Hong Kong society. In the public opinion of Hong Kong, the minimum demand seems to be choosing 50 percent of the members of the Legislative Council through direct election by 1999. Because of this, many people predict that the number of council seats open to direct election in 1991 will probably exceed 10, which was promised by the Hong Kong Government in 1988.

Hong Kong Democrats May Not Be Able To Determine Everything

However, the above prediction has not considered the factor of China. Currently, Hong Kong is filled with anticommunist feelings and the idea of using democracy to oppose communism is being widely accepted, but this is only the Hong Kong people's subjective desire. In political reality, do we really think that between now and 1997 China will have no influence on the development of the political system in Hong Kong?

In 1987, when Hong Kong conducted discussions of political systems, China vigorously opposed substantial changes in Hong Kong's political system before the Basic Law was finalized. After a debate, the British Government also accepted the linking principle—namely, linking the development of political structure to the Basic Law. As of today, neither the Chinese nor the British Government has abandoned the linking principle. In other words, even if the number of seats in the Legislative Council open to direct election is not 10, it still would not be outside the framework of the Basic Law.

The June 4th Incident and the political clean-up movement that followed have created an impact on the drafting of the Basic Law. Confronted with drastic changes, officials in Communist China currently have no time to deal with this work, whereas very few people in Hong Kong are still interested in the Basic Law now that most people have lost all confidence in China. The consultation work has basically stopped. Many people expect to put off the date to pass the Basic Law.

My view is different from the above expectation. I believe that the Chinese authorities still will try to pass the Basic Law at the NPC [National People's Congress] session in 1990. Recently, Chinese officials continued to reiterate that Hong Kong policy will remain unchanged. I am sure that they also hope to carry out the drafting of the Basic Law as usual. Consultation on the Basic Law has now stopped, but as a matter of fact Hong Kong residents had already showed a lack of interest when consultation on the draft first began. Therefore, the resumption of consultation may not be a spectacular event, but it will still serve its purpose. The NPC will convene in late March 1990. There are still 8 months left. Technically, there is absolutely no problem in this regard to completing the draft.

Chinese Authorities Face Political Problems

The Chinese authorities will run into political problems, not technical ones. Since the consultative committee does not play a major role in political problems, what is most important to the Chinese authorities is to persuade the drafting committee to resume work and to persuade the Hong Kong Drafting Committee to take up the responsibility. Of the Hong Kong Drafting Committee, two members, Cha Liang-yung [2686 5328 6978] and Kuang Kuang-chieh [6782 1639 0267], announced their resignations; three members, Szu-tu hua [0674 1778 5478], Li Chu-ming [2621 2691 6900], and Tan Hui-chu [6223 1920 3796], said that they will stop temporarily work. Judged from the current situation, Cha, Kuang, Szu-tu, and Li are very likely to withdraw from the drafting committee for good. But what do the other members of the Hong Kong Drafting Committee think?

If drafting of the Basic Law is resumed, will the Chinese authorities make concessions on the issue of the political system and allow more council seats to be directly elected than what the Hong Kong Government had originally planned? If the Chinese authorities refuse to make concessions, what kind of attitude will the British Government adopt? We should not forget that Deng Xiaoping's attitude toward sovereignty and stability is very inflexible.

There is an important strategic significance for Hong Kong people to seek to speed up the democratization of the political system at present. That is to urge the British Government to assume responsibility as soon as possible for the democratization of the political system. It would be best to force the British Government to promise to speed up the democratization of the political system in Hong Kong. A concrete way to do this is to carry out legislation as soon as possible to change the current structure of the legislative bureau. In other words, it is to force England to abandon the linking principle.

This is, of course, not an easy route. On the issue of linking, I believe that Hong Kong and China will soon start a new struggle. Because Deng Xiaoping controls the

Hong Kong issue in Communist China, it is impossible for Communist China to make concessions at this moment.

With regard to the human rights issue, the recent democracy movement incident enabled Hong Kong residents to realize that there is a huge difference between their understanding of human rights and that of those in power in Communist China. Especially since many Hong Kong people recently became antagonistic toward those in power in Communist China, how can Hong Kong people's rights be guaranteed?

The message recently sent out by the propaganda apparatus of the Chinese authorities is that it is okay for Hong Kong people to say whatever they want in Hong Kong, but they cannot violate inland laws when they return to Mainland China. After the bloody June 4th Incident, Hong Kong people have lost confidence in similar guarantees.

Hong Kong residents now enjoy many freedoms and rights. These rights are protected by the local legal system of Hong Kong, mainly by unwritten law. The Basic Law which is now being drafted has a chapter devoted specifically to stipulating the future rights of Hong Kong residents. However, many people have pointed out that these stipulations are imperfect. As I said before, it is impossible for the Chinese authorities to make further concessions on the issue of the Basic Law. Adding another layer of protection will, of course, do no harm to Hong Kong residents. At a time like this, seeking to formulate a better human rights bill is a realistic and ideal demand.

But formulating a human rights bill in Hong Kong does not solve the human rights problem Hong Kong people encounter when they are in Mainland China. Hong Kong's law cannot be extended to the mainland, so the human rights bill will not provide any protection for Hong Kong people on the mainland. The message of the Chinese authorities is very clear—Hong Kong people must abide by the mainland law when they return to the mainland!

Whether they think the law of Mainland China is good or bad, Hong Kong people are entitled to their own opinions. But when they return to the mainland, they will be subject to local law, which we can do nothing about. Of course, this does not mean that Hong Kong people do not have moral grounds for supporting the democracy movement on the mainland. If Hong Kong people risk supporting the democracy movement on the mainland, they will have a clear conscience, but they must not ignore the issue of tactics.

Another problem that the human rights bill cannot solve is that if Hong Kong people are subject to political persecution on the mainland because of what they did in Hong Kong, they will not be protected by the human rights bill. On this issue, the clauses of the current Basic Law do not provide any guarantee. More important, what can we do if written protections are constantly ignored in the future by those in power in Communist China?

There is a huge ideological gap between China and Hong Kong. We supported the democracy movement in China, but we could not stop those in power in Communist China from suppressing it. In the next few years and even the first few years after 1997, those in power in Communist China may not be able to stop Hong Kong people in Hong Kong from supporting the democracy movement on the mainland. This contradiction will exist for a fairly long period of time and may be intensified at any moment. The human rights bill actually does not address this contradiction.

After the June 4th Incident, Hong Kong's confidence crisis was intensified and Hong Kong people made demands, such as seeking British residence, speeding up the democratization of the political system, and formulating the human rights bill. If these demands are met, they will play a certain role in accelerating the improvement of Hong Kong's situation, but they cannot possibly resolve those more profound issues. As a matter of fact, these profound issues cannot be resolved by a one-time movement and tentatively satisfied demands. In addition to movements, Hong Kong residents need to think of long-term tactics and Hong Kong's political leaders and organizations should take long-term responsibility to ensure long-term stability in the future. We should carry out further discussions in this regard, but due to limited space in this article, related issues will be discussed later.

Timetable Unclear for Hong Kong Democratic Reforms

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[By Chris Yeung]

[Text] Senior Chinese official Li Hou has rejected calls for speeding up democratic reforms in Hong Kong, insisting

that full universal suffrage should not be introduced until at least after the year 2007.

Mr Li, the key mainland official in charge of Hong Kong affairs, also opposed the demand for laying down a timetable in the Basic Law for the election of the future chief executive and all the legislators by universal suffrage.

This could mean a "one man, one vote" system for choosing the future chief executive and legislature will not be in place until well after 1997.

The remarks, made by Mr Li when meeting a delegation of local unionists in Beijing, deal a severe blow to a coalition of conservatives, moderates and liberals.

Speaking on their return from Beijing last night, delegation leader, Mr Mak Chan, quoted Mr Li as saying functional constituency seats as well as directly-elected elements should be retained over "a considerable long period of time" after the setting up of the Special Administrative Region (SAR).

Mr Mak said: "Mr Li put the timetable at a period between 10 to 15 years after 1997. After that the SAR should discuss whether there should be changes towards greater democracy on a gradual and orderly manner."

"Mr Li said it was better to have stability than chaos and there should be a balanced participation of different sectors in the future government."

Mr Li, who is also secretary-general of the drafting body, did not specifically comment on the key political models.

However, he remained uncompromising that the Omelco consensus calling for half the legislature to be directly elected in 1997 would not be accepted.

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